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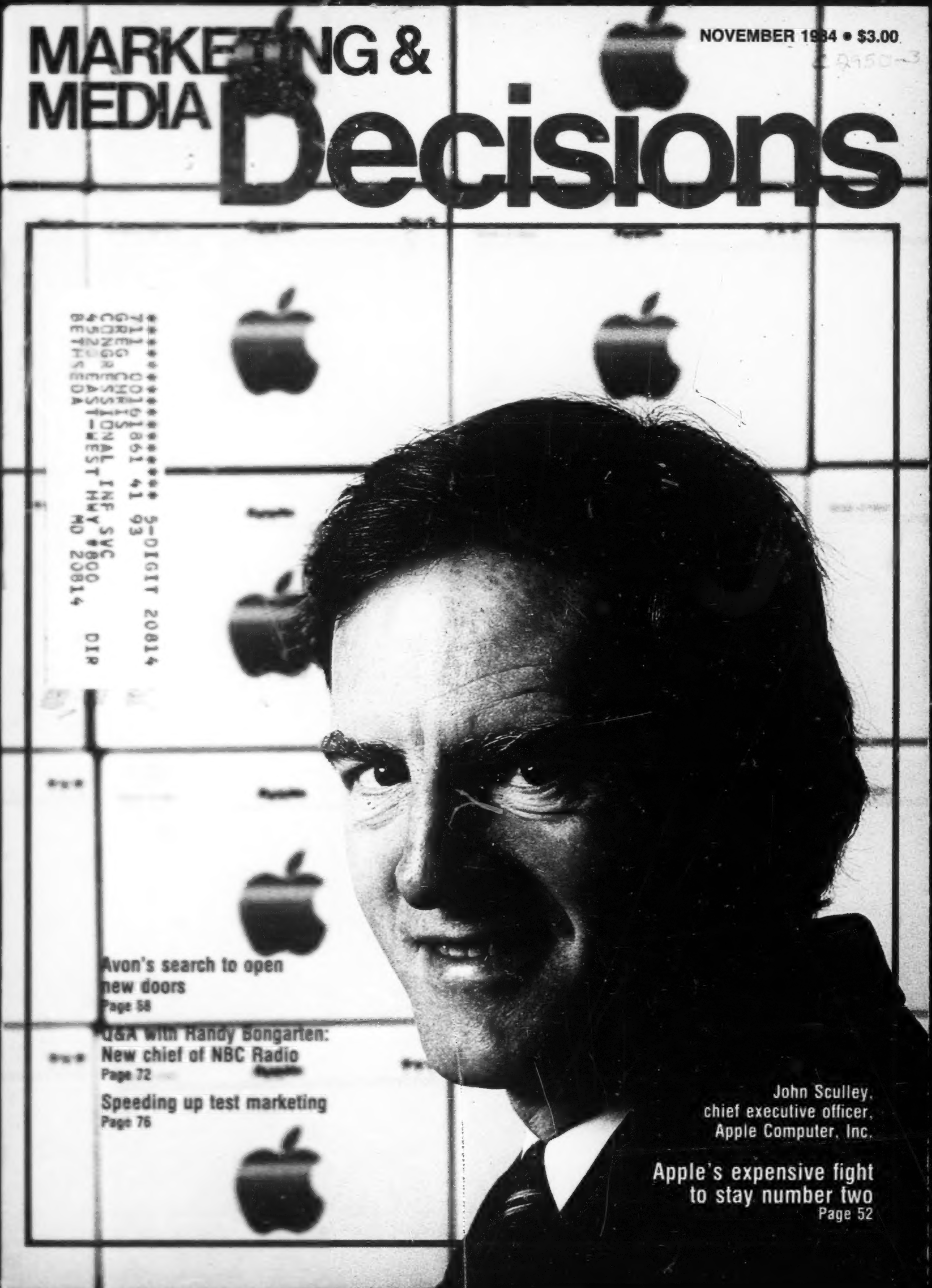

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FUTURES

Selling business information to U.S. business

The first report on the business information industry — with annual revenues of $11 billion — tracks trends in demand for different forms of information. Cox, Lloyd Associates, the New York-based marketing consultant firm that prepared the report, categorizes suppliers of information according to type, including customer information, new products, and marketing data.

Company president, Connie Cox, notes that the information industry, despite an average growth rate of 10%, has been largely overlooked: "Industry experts have traditionally viewed it from the point of view of published trade periodicals or data basis, and not from the point of view of specific types of information being bought by businesses." She adds that the types of information vary so much from business to business, that generalizations tend to be misleading.

"There are very few large spenders — in fact, we've found that there are pockets of demand," she says. The food industry, according to Cox, is the largest buyer of external data, spending about $1.7 billion a year on market statistics and consumer behavior information.

The second largest industry, investment banking, put down $1.4 billion — compared with the minimal $20 million invested by the airline industry.

One of the most interesting aspects of the 300-page report, stresses Cox, is the growing demand for information — a demand that was nearly non-existant ten years ago.

"We've looked at why people need this kind of information, and are willing to spend a lot of money for it: it's become more difficult to see opportunities for growth."

Information sold to U.S. businesses

1983 expenditures and growth by category of information

Information category	1983 estimated expenditures (Millions)	1982-83 growth rates overall	variations
Customer Information	$4,650	15%	12-17%
News Products	2,812	10	4-15
Product Information	1,045	14	6-17
Market Statistics/ Market Share Data	845	13	12-15
General Reference Data	570	8	5-11
Environmental Data	161	8	7-15
Employee-Related Data	25	9	7-15
Miscellaneous	392	9	

Beauty aid sales growth

Shampoos and deodorants are largely responsible for spurring sales of beauty aides 10% through mass market outlets, to a $5.5 million segment, according to a report by *Mass Market Retailers*. Food retailers — combination food-drug retailers and supermarkets — sell almost 50% of beauty aids, or $2.7 billion dollars. Chain drug stores, though, have seen their share erode to 31.3% or $1.72 billion.

The study tracked 12 categories: shampoos, deodorants, conditioners, razors and blades, hair sprays, hair colorings, creams and lotions, shaving cream, home perms, men's hair preparations, suntan products, and sunscreens. Much of the the growth of the shampoo category, which jumped 8%, can be attributed to some highly successful introductions, such as Procter & Gamble's Ivory. P&G widened the lead with an 18.6% market share, with Revlon (8.5%) and Helene Curtis (6.7%) a distant second and third.

"Private phone companies"

Telecommunications equipment preinstalled in office buildings will create "private phone companies," worth more than $1 billion within the next five years, according to a study by Cambridge-based Arthur D. Little, the management consulting firm. Equipment sales to real estate developers, seeking to create private networks within offices, will exceed $300 million by the end of 1984.

Developers are spurring this growth, according to Donald Schlosser, a telecommunications specialist, in order to "enhance their buildings" by offering tenants discount telephone service, share private brand exchanges (PBXs), and similar services.

Joe's
SHOE
Sale at Joe's SHOE STORE
OKAMOTO

Michael Okamoto

Mining those local ad nuggets

A new trend toward local cable advertising is already boosting top MSO profit margins and offering local merchants low cost tv exposure. But many agencies await local viewership data before taking the local ad plunge.

When Bob Westall tallies up monthly car sales at his suburban Virginia dealership, a smile as wide as the territory covered by local cable systems' wires crosses his face. "Cable is responsible for history-making profits at Calvert Toyota," he declares.

Westall discovered local cable advertising when, in June, 1982, he invested $3,200 for 96, 30-second spots on *USA*, *CNN* and *ESPN* on Arlington Metro Cable and Alexandria Cablevision. "I figured cable targeted my customers, and, anyway, it was mega-times cheaper than broadcast tv," recalls the dealership manager.

Westall's investment paid off immediately. By the end of the first month of advertising on cable, Calvert Toyota had sold 100 cars — a 30-day high achieved only twice before in the dealership's 15-year history. During both 1982 and 1983, Calvert made Toyota's Triple Crown Club; 1983 was the dealership's most profitable year ever. Westall directly attributes these successes to local cable spots. Indeed, this year he dropped all his radio ads and bought a total of 156, 30-second spots on *MTV* (which replaced *USA*), *ESPN* and *CNN*. "You'd have to be a raving fool not to take advantage of local cable advertising," he says emphatically.

A similarly heartfelt endorsement of local cable comes from Roundup Music in Seattle, Washington. The 98-unit chain attributes its record-breaking album sales — 75,000 Michael Jackson "Thriller" albums sold in a year and a half period — to intensive cable ads aired on *MTV*. During holiday seasons in 1982 and 1983, the music distributor consistently bought 30-second spots on *MTV* via Northwest Cable Interconnect for $120 a spot. Broadcast 30-second spots go for $75-$100 per rating point in that market — or as high as $3,600 for prime time evening shows. Bolstered concurrently by aggressive record play schedules, promoted on *MTV* by CBS, Roundup exceeded its previous record sales high — 42,000 albums ("Saturday Night Fever") sold in a year and a half period in 1977-1978. "Cable is a fertile place for sales," says Cathy Logan, Roundup's ad director, adding, "Cable gave us a noticeable niche in the market and helped create a relationship between the store and the community. It's a definite buy for us," she says. "At least half of our media budget now goes into cable."

Cable tv is offering local merchants in nearly 1,000 local cable systems nationwide what heretofore they never dreamed of — extensive television exposure. "For the local advertiser, cable delivers what even broadcast tv cannot — geographic and psychographic targeting, flexible formats, and eventually even interactivity — all at a substantially lower cost," says Herbert Granath, president of ABC Video Enterprises, which owns 80% of *ESPN*. "There's gold in those wires!"

Yet despite the plethora of success stories and cable tv's indisputable allure, only 10% of the 1,700 cable systems nationwide carry local

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SURVEY OF LOCAL AD SALES BY THE TOP 15 MAJOR CABLE OPERATORS 1983-1984

Company (rank) [% Ad Subs*]	1983 Local Ad Revenue	1984 Proj. Ad Revenue	% Change	1983 Subs in Ad Systems	1984 Proj. Subs in Ad Systems	% Change	1983 Ad $/Sub/Year	1984 Proj. Ad $/Sub/Year	% Change
	(000)	(000)		(000)	(000)				
Tele-Communications (1) [4%]	$1,000	$ 2,500	+150%	100	150	+ 50%	$10.00	$16.67	+ 67%
ATC (2) [21%]	3,000–E	6,000–E	+100	500	750	+ 50	6.00–E	8.00	+ 33
Group W (3) [47%]	4,500	10,000	+122	920	1,000	+ 9	4.89	10.00	+105
Cox (4) [84%]	5,200	9,000	+ 73	1,200	1,300	+ 8	4.33	6.92	+ 60
Storer (5) [18%]	250–E	750–E	+200	250	325	+ 30	1.00–E	2.30–E	+130
Warner Amex (6) [48%]	4,000–E	8,000–E	+100	650–E	750–E	+ 15	6.15–E	10.67–E	+ 74
Newhouse (8) [53%]	535	1,475	+175	427	517	+ 21	1.25	2.85	+128
Continental (9) [47%]	1,500	2,500	+ 67	350	500	+ 43	4.29	5.00	+ 17
Viacom (10) [49%]	1,500–E	2,100–E	+ 40	380–E	525–E	+ 38	3.95	4.00	+ 1
United Cable TV (11) [58%]	1,700	2,750	+ 62	357	450	+ 26	4.76	6.11	+ 28
Rogers Cable (13) [68%]	845	1,963	+132	332	430	+ 30	2.55	4.57	+ 79
TeleCable (14) [17%]	160–A	1,000	+525	66	185	+180	2.42–A	5.41	+150
Cablevision Systems (15) [93%]	2,330	3,420	+ 47	378	445	+ 34	6.16	7.69	+ 25
Heritage (16) [34%]	380	550	+ 45	125	135	+ 8	3.04	4.07	+ 33
United Artists (18) [89%]	486	750	+ 54	300	330	+ 10	1.62	2.27	+ 40

E–PKA estimate; [% Ad Subs*]–1983 ad subs as % of MSO's total basics; A–partial year sales;

***Reprinted with permission from *Cable TV Advertising*, March 5, 1984, Paul Kagan Associates, Inc. Carmel CA.**

Local cable ads: Simplicity aimed at selling

Ron Kaatz, U.S. Director of Media Concepts, J. Walter Thompson, talks about opportunities on cable for local merchants.

Every week, suburban communities throughout the country move faster and farther into the New Electronic Media Era by awarding cable franchises, wiring up homes and signing up subscribers.

The impact of cable in the suburbs will take place at two levels — among viewers of cable and among advertisers who will use cable as an innovative selling medium.

From the viewers' standpoint in Chicago, instead of choosing from three networks, four independent and one public television station, suburbanites here have a full 52+ channel menu of national news, sports, entertainment, information and education further supplemented by a wide array of community programing and neighborhood events.

From an advertising standpoint, cable in these communities will create television opportunties for suburban merchants who have never been able to afford broadcast stations because of their advertising rates.

A growing number of local cable systems around the country already have developed some very imaginative advertising for businesses in their communities. To name just a few:

- In Naples, Florida, Palmer Cablevision created local advertiser-related programs that included a garden shop, a home exchange, a money show and a boating feature.
- Albuquerque Cablevision couples local commercials and coupons with advertising inserts in their monthly subscriber billing statement. In other markets, cable operators similarly find it is quite effective to offer local clients a package combining cable spots with cable guide ads and bill stuffers and local newspaper space.
- In Grand Rapids, Michigan, Computerland sponsored a 28-minute "infomerical" produced by Apple Computer. It was promoted via newspaper ads and took advantage of cable's potential to provide a detailed picture of a product.
- In Louisville, a cable system carried a real estate listing and home improvement channel. During the day, there were 10-second clips with audio of homes for sale, plus longer messages for apartment and condominium complexes. In the evening, these listings were intermingled with home care programing.

A successful seller of cable advertising in this area is Lakes Cablevision, serving 11,500 homes in McHenry and Lake Counties.

Stores and services can run local spots on the major cable satellite networks or advertise on a wide array of local programing including high school sports, band concerts, plays and local news and interviews.

Lakes Cablevision — like other innovative cable systems — talks to local advertisers about how cable will give them the same sight, sound and motion generally affordable only to the large stores and services in Chicago.

In many cases, local newspapers and cable systems are joining forces for "creative selling." One such imaginative company is Leader Tele-Cable, which publishes the *Eau Claire* (Wisconsin) *Leader Telegram*. Not only do they publish an electronic version of this 34,000 circulation daily — but they also developed a classified ad channel which offered a full color picture of an item for sale, along with the price and seller's phone number. It complemented the newspaper . . . but in an entirely different advertising form.

WINTER STORM UPDATE
SPONSORED BY

Marc Pokempner

Kaatz: the potential for local advertising is limited only by the imagination.

The overriding characteristic of all cable advertising is "simplicity."

It is not television advertising as you know it when you see a 30-second commercial on WBBM's 10 p.m. news, on *Good Morning America* or on *60 Minutes*.

It is a blend of suburban papers, talk radio, and video.

It is simple, inexpensive, and it is the kind of advertising that is designed to win sales . . . not creative awards.

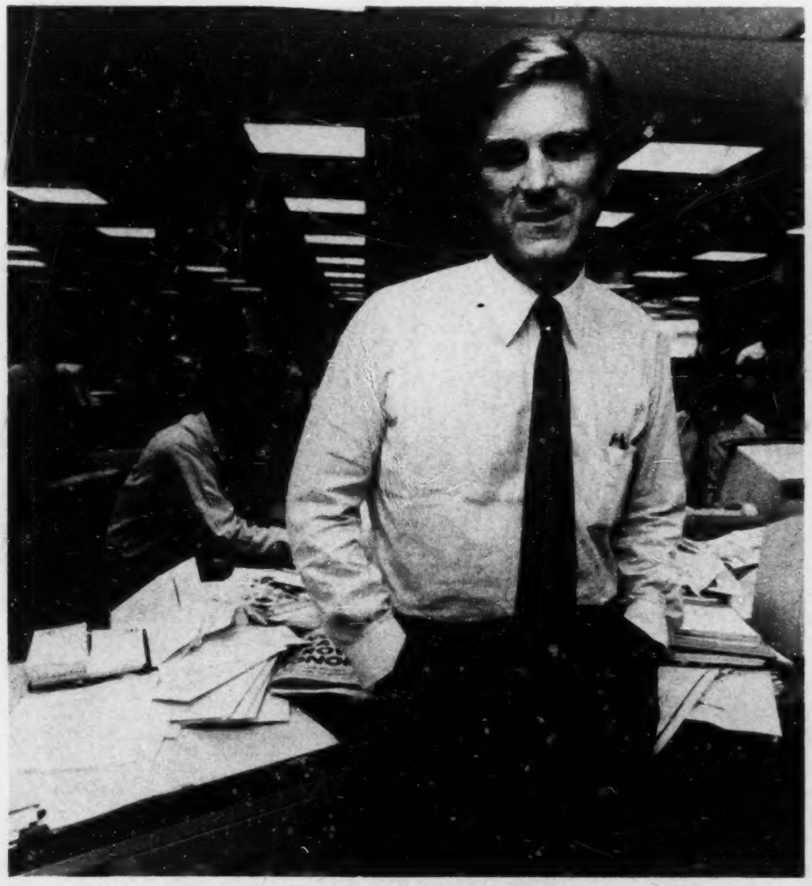
The promise of cable to suburban advertisers is that it will open up the medium of television to them in a new affordable manner. The ideas are limitless — and in fact are limited only by the advertiser's imagination.

Daily News tries to find its way

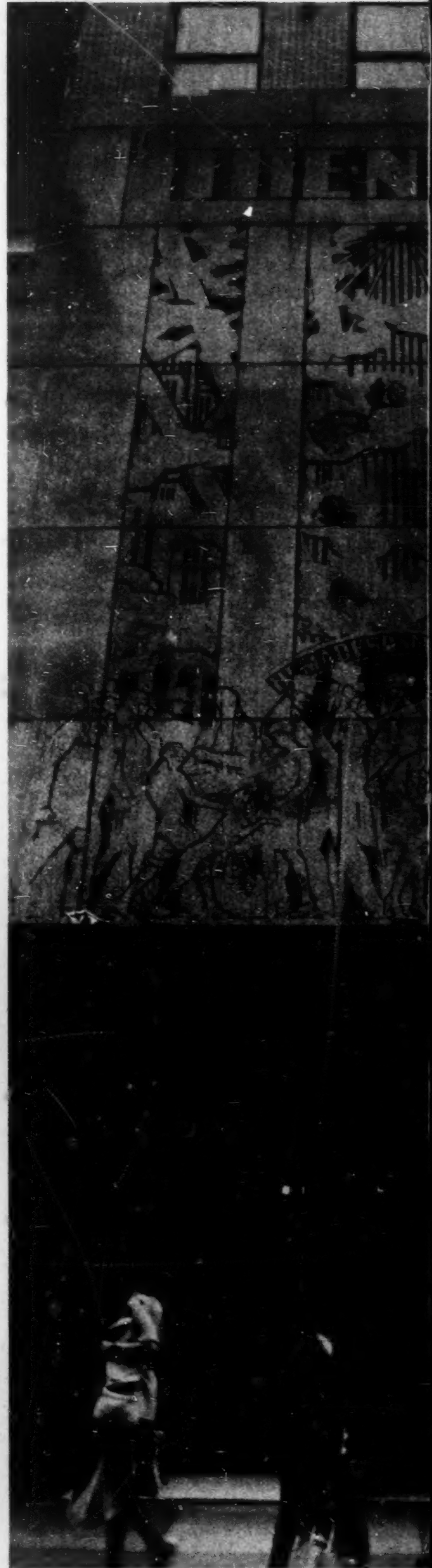
The *News* doesn't have it easy. But the paper's owner, Chicago's Tribune Co., has installed a new publisher to weave through their challenges.

The New York *Daily News*, once the country's largest paper, and now lodged in the second slot, has gone through some harrowing times of late. Now it is trying hard to get a fix on its future. New publisher, James F. Hoge, Jr., on the job just seven months, has busied himself finding new top management who can help him infuse fresh spirit to the tabloid. However, at least from what he has been saying publicly, Hoge has yet to set out a definitive charter for the 65-year-old *News*.

This may not be too surprising since Hoge has inherited many hard-to-solve problems. "The *News*' situation could be compared with Custer in the Battle of the Little Big Horn," likens John Morton, a newspaper analyst with Lynch, Jones and Ryan. Over the last



News publisher, James Hoge, is seen as the struggling paper's saviour.



five years, the paper's circulation has eroded by nearly 250,000 to 1.4 million, while advertising growth has stagnated. Much of this has occurred because its market has become polarized.

On the one hand, the upscale New York *Times* has cleverly — and successfully — brought out daily special sections covering sports, entertainment, the home, computers and science to sop up readers (especially those who have fled to the suburbs) and advertisers angling to reach this desirable consumer group. On the other hand, the Rupert Murdoch-driven New York *Post* seems intent upon stealing the *News*' lower–middle, to middle class audience, at any cost. Buttressed by its owner's well-padded wallet, the *Post* shrugs off losses running about $10 million a year, and has sharply increased its circulation by dramatizing stories to the extent of sensationalism. Meanwhile, a ring of suburban newspapers have snared an ever-widening circle of readers and ad dollars.

These precarious circumstances have sapped the *News*' editorial vitality, as have its onerous labor contracts. Indeed, the parent company, the Chicago Tribune Co. became so dismayed with its offspring three years ago, that it put it up for sale. But with losses of $12.6 million in 1981, and a projected debit of an additional $30 million in 1982, no acceptable takers could be found. So thwarted, the Tribune Co. began making intensive efforts to turn its ailing property around.

Its most significant step, so far, has been in installing the cool and polished Hoge at the helm. "It will take a genius to jump the hurdles the *News* needs to and they certainly have one," praises Thurman Pierce, vice president, U.S. manager, print media at J. Walter Thompson.

A 48-year-old Robert Redford lookalike, Hoge has long been considered one of journalism's brightest rising stars. He became editor of the Chicago *Sun Times* at the age of 32, and 12 years later was appointed its publisher.

At the *Sun Times*, Hoge was em-

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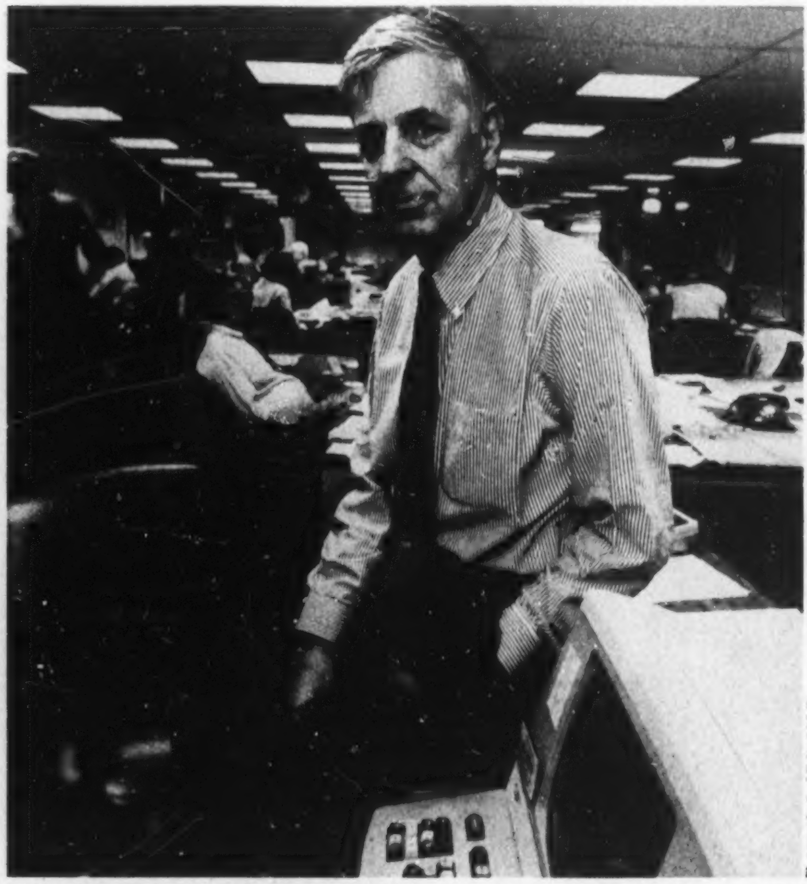

New editor, F. Gilman Spencer, would like a spicier and sportier News.

Photographs by Michael Mella

LOCAL CABLE ADVERTISING:

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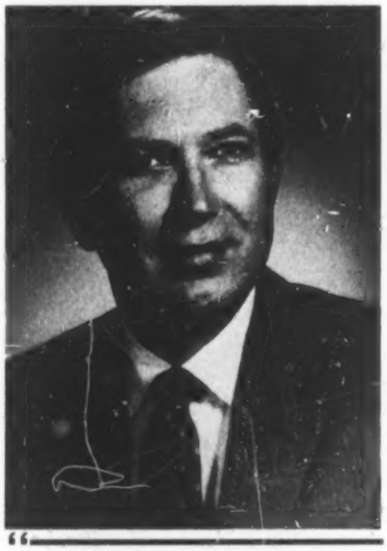
advertising. The reason, say most local cable operators, is not a lack of interest. Rather, many operators are still concentrating on building subscriber levels and are focusing most heavily on marketing basic services. Others point to the lack of viewership research on the local level, which, they claim, deters advertisers and agency investment. Additionally, many system operators cannot afford the initial expense of setting up a local ad department, which could run $50,000-$100,000 for top-of-the-line ARVIS ad insertion equipment. Still others acknowledge their lack of management skills in selling ads. "Local advertising requires a different technology, creates a different set of operating problems, and requires a different mindset," points out Charles Kadlec, president of Frazier Gross and Kadlec, Washington D.C.-based broadcast/cable consultants.

Industry analysts, cable operators, and local advertisers agree that learning cable advertising does take effort. But cable's benefits far outweigh start-up exigencies, they claim. "As in any business, success in advertising requires investment," says ABC's Granath. "Automatic ad insertion equipment and local origination facilities must be viewed in terms of their return, not just their price. The cable operator who fails to make the investment today is sitting on a gold mine without a shovel."

Within the last year, MSOs, local system operators, and local merchants have begun digging into that reserve. "As the industry matures, emphasis is turning to local advertising as a primary source of revenue," says Bob Alter, president of the Cable Advertising Bureau. "That 10% figure as a measurement of local cable ad penetration is misleading," he warns. Ten percent of cable systems actually represents a 45% reach of the cable universe, he notes. "That figure will climb as MSOs make major commitments to develop local advertising. It's their intention to have local ads sales compensate for a slackening in pay subscribership," contends Alter.

Certainly the percentage of cable households reached by local advertising has risen enormously over the past few years. The figures show an increase of 67% in just two years, up from 35% in 1982, to 41% last year, with a projected 50%-plus reach by year-end when local cable advertising should generate $80 million in revenue. That revenue figure represents a 57% increase from last year's $50.4 million. Local advertising is expected to continue to grow 50%-60% per year for the next three to four years. By 1994, local sales could generate $1.3 billion in revenues, claim Paul Kagan Associate analysts.



"The biggest problem local ad sales departments face is establishing early-on a professional advertising image."

ROGER TURNER
president
Colony Communications

CAB's Alter concurs. "The trend is away from satellite networks as the main buy," he says. "Local origination and local avails are proving more attractive to local retailers and that interest is precipitating what will be a highly profitable trend." Kagan analysts calculate that if a cable operator sold just 10% of the 470,000, 30-second spots available on satellite-delivered programs each year at only $10 a shot, nearly half a million dollars worth of revenues would be added to the systems' coffers. Boost that figure up to $50 a spot and 40% of inventory sold, and a system might gross nearly $10 million annually.

The movement is afoot to entice more local cable advertisers. At *ESPN* local avails were recently increased to a standard four 30-second spots per hour during prime time from three 30-second offerings. *CBN* has added 20 minutes of local avails to their weekly schedule. In total, industry-wide local avails have grown by 50,000 spots within the past two years. "There's plenty of room for the little guy — the local advertiser," observes Granath.

As advertisers take advantage of these avails, MSOs have begun reaping dollar benefits. Local ad sales departments are actually boosting MSO profit margins, in some cases as high as 67% upwards. Thirty-nine top MSOs averaged $4.31 per subscriber last year and are anticipating $5.50 by year-end. For Group W and Colony Communications, selling local avails yields an average 40% profit margin. "The cable ad business is at the local level," states Thom McKinney, Group W executive vice president of sales. "The advantage of local is low cost targeting of local demographics," he claims. Citing a 258% growth over last year in local ad sales, McKinney says 95-99% of Group W's ad sales is now at the local level. "National accounts are gravy," says McKinney, noting that in some of group W systems, local profit margins surpass 60%. The MSO could reach $10 million in ad sub revenue this year — an annual sub rate of $10.

Group W promotes its local ad avails through print in business-related magazines attractive to retailers, and through direct mail, obtaining lists of merchants from Chambers of Commerce and Better Business Bureaus. The MSO also cross-promotes on its other channels, advertises in cable program guides and in billing statement enclosures.

For Colony Communications, local ad margins are at minimum 40%. The MSO began selling local ads in 1981 and quickly reaped $85,000 in revenues. In 1982, backed by a corporate commitment to local advertising, that figure soared to $1 million, then up to $2 million in 1983, and is expected to reach $4 million this year, according

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to Donald Olson, executive director of ad sales for Colony. "Ad sales are a totally separate department and are not responsible to marketing. There's a corporate dedication to building local ad sales which is evident in the dollar return." Colony's chairman, Jack Clifford, describes local avails as a "smorgasbord of opportunities" for the local operator and advertisers.

Local cable operators who are thriving on the ad business concur that, once tried, the medium sells itself. "I'm preaching the gospel according to cable to our local businesses, but once they try cable its credibility is established," comments Buddy Ellis, sales director of Continental Cablevision in Richmond, VA. Ellis's sales are up 125% this year, to $600,000 and only 20% of that is constructed from national and regional advertisers. "We don't know where the heck it's going — there's no limit," declares Ellis.

Continental promoted local ad availability through its sales force which approaches local agencies and clients directly. The buys are generally in bulk, ROS (run of systems), following radio's "TAP," total audience participation. The system places ads from 4 p.m. to midnight using manual insertion, but when automatic equipment arrives this fall scheduling will accommodate 24 hours. Ellis's greatest success has been with packaging — aligning clients with special cable events. For instance, he teams NCAA football on *ESPN* with a local beer distributor, and ads for women's health care products or local salons with *Daytime* shows. "When you put together the advertiser's buy and suggest certain sports to reach a given audience, the sale becomes easier," tells Ellis. "And when you break down the cost over a period of time as a monthly expenditure rather than as an up-front total, the incentive to advertisers becomes even greater."

Greater Boston Cable in Woburn, MA, doubled its local ad revenue in two years, from $350,000 to over $600,000 this year by actively promoting local avails. Cross promoting through its own channels, the interconnect runs a series of spots called "The Winner," which discusses local cable advertising. "The series' objective is to develop an awareness that cable is a creative alternative to target local ad dollars," says Sue Schmalzbach, system broadcast manager.

In Wakefield, the Oldsmobile Mazda Isuzu dealer staged a 10-hour fundraising marathon with the help of Colony for the families of the servicemen who died in Lebanon and Grenada. The show, which raised over $15,000, had more than a monetary impact, says Schmalzenbach. "People feel good about doing business with a company that wants to serve the community. The benefits to the dealership have been long lasting."

Herbert Granath, pres. ABC *Video Enterprises, "For the local advertiser, cable delivers what even broadcast tv cannot."*

The creative opportunities offered to local advertisers through the use of infomercials will be broadened to encompass national scope when the Cableshop debuts on satellite, come January 1. Cableshop, the first all-commercial channel, will be offering local affiliates 18 minutes of avails per hour, enough for four, two-minute local commercials, says Garth Hallberg, Cableshop's general manager. "Consumers like advertising particularly on the local level because local stores have immediate relevancy," he notes. "While a thirty-second spot may be enough time to drive home the uniqueness of a new shampoo, it may not do justice to a local merchant who wants to get more intimate with his community." Hallberg hopes to sign 10-12 national advertisers at start-up for initial ad rates of $30,000 a month for four-minute spots guaranteed to run 150 times. It will be up to the local operator to set his system's local insert pricing schedule.

Nevertheless, despite the influx of local ad dollars, the lack of viewership research on the local level is nipping in the bud many local sales efforts. Surer of national and regional markets, most of the major ad agencies are hedging the local arena. Some agencies rely on local market information from reps such as CNI or New England Cable Rep, but reps' priorities are generally national and regional sales.

"When we buy local, it's on a wing and a prayer," claims Laura Silton, senior vice president and general manager of investment services for McCann-Erickson. "It's like buying an unsurveyed radio market," she adds. Silton acknowledges that agencies want more concrete data before putting client money down. She is also critical of the management of many local cable ad sales departments. "Many times we want to buy local cable but we can't get hold of the right person in the system," she complains. "Many cable operators just don't seem particularly interested." Silton relies on Nielsen's CODE, the SRDS for cable, to delineate local systems by location and contact person.

Nielsen research on the local level is limited to proprietary surveys for specific systems on a per regional basis. "It's difficult to determine local cable viewership, except in attitudinal studies with special diaries," concedes Howard Shimmel, marketing manager for cable research at Nielsen. "Telephone coincidentals apppear to be somewhat accurate but that is not a cheap way to get information. It's a crap shoot as to which information will turn out to be profitable to the local operators," he adds. One operator who did benefit from a Nielsen-commissioned study paid $2,000 for the telephone coincidental research and got back $100,000 in additional business.

One of the few MSOs committed to intensive research, Warner Amex Cable Communications relies on its QUBE service in local markets to accrue accurate viewership data. QUBE,

LOCAL CABLE ADVERTISING:

Continued from page 110

a two-way interactive service, is primarily designed for polling, but audience measurement is a valuable byproduct, says Warner's director of ad sales and research, Barbara Lowe. QUBE's interactive meter scans electronically three times a minute several hundred thousand households in QUBE's seven cities, including Cincinnati, Dallas and St. Louis, totaling 300,000 households. QUBE's two software programs, QUASAR and MCHAN, provide details of quarter hour ratings and shares, as well as gross and net impressions on a 24-hour basis, respectively. The six systems of the seven QUBE cities which track audience measurements receive monthly reports on broadcast erosion and twice a year receive Nielsen's coincidentals on demographic distribution. Warner Amex works with its local ad sales departments, advising as to which combination of spot purchasers will be most effective for that market or advertiser. "Our research cements the comfort zones on the agency level," says Lowe.

The latest QUBE data for Warner's Houston Interconnect shows some variances with Nielsen's national average. Nielsen relies on a sample household method, metering less than 1,000 cable homes in its national 1,700 household sample. QUBE, newly equipped with computer software, polls all 30,000 QUBE television households in Houston. Preliminary analysis for QUBE findings points to a more positive growth in cable for that area than Nielsen counts: Cable subs in Houston are watching more pay tv and ad supported networks than Nielsen national averages show; nearly all QUBE homes are pay. Pay garnered a 29% share in June this year, compared to Nielsen's findings of 17% national over the first half of this year. Houston's six broadcast stations in May held a 47% share during prime time in QUBE homes, compared to Nielsen's tally of 88% share for non-cable homes in the market. Lowe further claims that *MTV* did better in QUBE markets than Nielsen studies show.

This data gives the Houston-interconnect a rationale for charging higher local ad rates, says Houston's ad sales director Mark Krueger. The interconnect charges $50-$60 ROS for 30-second spots and as high as $160 for ROS prime time on *MTV*. Higher rates do not deter advertisers such as Walker Kirth Lumber which targeted its market on *ESPN*, and local motorcycle dealers who are running heavy schedules on *MTV*. When Foley's Department Store ran a spot schedule combined with promotional announcements on *MTV* highlighting its back-to-school specials, Krueger sent his own reps to the stores, promoting the sales. "People were falling in the aisles," he says.

Local ad setups must be viewed in terms of their return, not their price. The cable operator who fails to make the investment is sitting on a gold mine without a shovel.

For many other local advertisers, lack of research does not inhibit cable purchases. Keeler Motor Car Company on Capital Cablevision in Albany, NY, targeted its audience on CNN, USA, ESPN and FNN, and that, says Bruce Meisterman, vice president of Kirkman Three Agency, is what counts. "Maybe ratings offer some means of comparison, but they are only estimates, just like the EPA ratings."

J. Walter Thompson's U.S. Director of media concepts, Ron Kaatz, agrees that ratings have little application to local advertising. "You can't put a rating point or CPM in the bank," he says. "It's the response the local guy is after. Imagine a Ford Dealer who had the opportunity to do a 15-minute program for $200 on 'How to Buy a New Car.' If 10,000 homes subscribed to the cable system and only 40 people watched, most traditional media planners would conclude the buy was ineffective and inefficient because it got less than half a rating point and cost $5,000 a thousand." But, Kaatz points out, "Our dealer paid only $5 to talk to each of these people for 15 minutes. He'd probably pay twice that much to anyone who came into his dealership and listened to him discuss how to buy a new car for 15 minutes!"

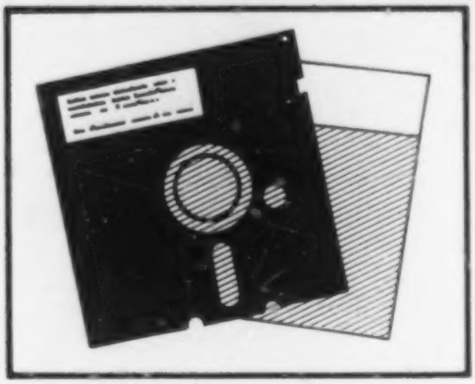
Traditional ways of looking at media buys are hampering local ad departments, says Tom McCormick, ad sales manager for Quincy Cable near Boston. "If we relied on ad agencies, we'd all be hungry," he grumbles. "We all have horror stories about agency-produced ads that were so terrible they couldn't be aired." The responsibility for not only generating ads but actually producing quality commercials lies with the local cable system, concur most system operators. But they too admit they are novices in ads sales.

Colony Communications thinks the time is right to offer its advertising expertise to the rest of the industry. One of the nation's leading ad sales performers ($2.9 million projected for 1984 — $16.11 per sub per year), Colony introduced in June its Cable Ad Consultants, an independent division of the MSO. For a fee, plus either a dollar amount per sub a year or a small percentage of the yearly billings, the consultants will offer to teach, on a personalized, contractual basis, a maximum of 20 clients the how-to's of cable advertising.

Colony president, Roger Turner, also one of the prime movers in starting up the CAB, is convinced that the more professional a system operator's approach is, the more attractive local advertising will be to agencies. "The biggest problem is establishing early-on a professional advertising image," says Turner. "You've got to be viewed as a responsible medium capable of running ad schedules as professionally as would the local broadcaster." To this end, Colony takes interested MSOs through the steps of setting up a successful local ad sales department, from the initial selection of management to engineering advice and periodic checkups to see what problems the local system is confronting. Capital Cities (350,000 subscribers) is Colony's first client.

So, for those operators and advertisers adventuresome enough to join in what ABC's Granath term "this latest California gold rush," pick up you shovels and, as he encourages, "head out a' prospecting for those local ad nuggets."

Judith Reitman



Brand Report 104:
Software

Sales soar with marketing boost

Growth continues at rocket-speed in the home and business segments of the software market. Particularly successful are productivity packages and business applications programs, getting a lift from marketing.

"The businessman buys a personal computer. He plugs it in. Nothing happens. He goes back to the store. The dealer explains to him, very patiently, that he needs software to run the machine."

Industry analysts like to tell this story, to illustrate a recent change in the personal computer marketplace. Software, the programs that let a consumer use a computer, is now driving the industry — unlike two years ago, when new hardware products were fueling growth. And fuel it, software has: total retail value of home and business software has boomed from $1.53 billion last year, to an estimated $3.56 billion by the end of 1984.

Yet the term software is slightly deceptive, implying a homogeneous market of competing products. Nothing could be farther from the truth. Software is broadly divided into segments by product type and end use. Future Computing, the Richardson, TX-based market research firm, outlines six such segments in the business market, seven in the home. In general, programs designed for a specific application, like productivity, do not compete head-on with others developed for another function, such as engineering.

At the same time, continued strong growth has invited product proliferation — there are more than 11,000 companies that have produced close to 30,000 programs to date. And this crowded field has made new product introductions not only riskier, but more expensive. Gerald Van Diver, whose Minnesota-based company, Micro-Information Publishing, tracks trends in the software industry, estimates that the average cost of bringing a new product to market has rocketed from $500,000 in 1982 to $2.5 million in 1984.

With all this activity, the industry overall has become much more competitive, both by area of development and by target client. It is still possible to develop and market a program successfully, without immediate competition, as Lotus Development Corp. did with its $53 million product, Lotus 1-2-3. But the competition isn't far behind. "Eight months ago, we were the only player in the productivity area," laments Lotus director of sales, Stephen J. Crummey, ticking off four other companies that have since come out with similar integrated programs.

One immediate result of increasing competition has been a greater attention to marketing. "The software industry has benefited to a degree by bringing advertising and marketing people in from other areas" says Bruce Cummings, vice president of marketing for Softsel, the largest distributor of software. But he is quick to caution that the same means are not available to all — few companies have grown in one year from nothing to multi-million dollar successes, like Lotus.

One reason is the size of the market itself: industry analysts estimate that penetration for personal computers is about 10%. Another reason is the price level of most software for micros. Some business packages can cost in the thousands, but the majority are between $200 and $600. In the home market, the prices are even lower, usually starting at $24.99 at retail. Of the 300 vendors who distribute their products through Softsel, Cummings says "at most 15 will do more than $20 million in sales" this year. "Most software companies," he adds, "don't have the sales volume to justify huge investments to create demand."

The growth pattern for companies in this industry has laid out traps for those unwary enough to equate marketing with flashy advertising budgets. The first year of business is spent in the flush of venture capital, a rosy glow of loose money and potential success. "But by the second year," drawls Cummings, "you'd better make every dollar count, or go for the long haul with a very deep pocket." The highway to California is littered with subjects for hundreds of such cautionary tales.

In this atmosphere of constant change, marketing has been almost universally embraced as a panacea, as a competitive weapon all of its own. But it has also come to mean two completely different approaches to the consumer, based on the size of the company and the software segment the company competes in. Key to the approach are the available distribution channels — the actual points at which software is sold. Until now, computer stores have dominated, responsible for as much as 40% of overall sales. But other channels are growing up — mail order, software stores, direct sales, mass merchandisers — and rapidly coming into play in the marketing mix.

For the larger, more successful companies, especially in the business segment, marketing has been a balance between the advertising budget and relationships with dealers. So, for example, Peachtree, a division of Management Science America, Inc. (MSA), has been gradually expanding its advertising into general interest business publications, while pushing the product through retailers. It has only been profitable for a few — like Lotus or IBM — to ply a direct sales force. The smaller, lower profile vendors, on the other hand, rely on the distributor for programs they themselves cannot afford to put together. Cummings gives one example of this "multi-vendor activity": an eight-page spread scheduled for *Money* magazine which will feature 24 vendors.

Software sales trends
(in end user $ value)

Home market Segments	1982	1983	1984	1989
Productivity	$48 million	$140 million	$295 million	$2,039 million
Home finance	12	35	69	425
Life enrichment	8	24	44	289
Systems software	26	57	90	214
Educational	44	133	230	933
Entertainment	146	388	548	1,540
Other	7	27	57	330
	$293 million	$803 million	$1,335 million	$5,770 million

Business market Segments	1982	1983	1984	1989
Systems software	$128 million	$216 million	$342 million	$1,080 million
Productivity	258	545	947	3,581
Business software	169	284	440	1,541
Sci. & enginrg	41	91	166	773
Educational	28	53	90	417
Entertainment	100	168	240	689
	$724 million	$1,357 million	$2,225 million	$8,079 million

Source: Future Computing

Note: Future Computing divides the market into two segments, by machine. For the home market, the company tracks software use on the following machines: Commodore 64, Vic 20, Apple IIc family, PCjr, Atari, Coleco Adam, TRS color machines. In the business segment, Future Computing tracks TRS 80 non-color machines, IBM PC and XT, Apple Mac, and all compatibles. So, for example, if a software program is bought to be run on the PCjr, it will be counted in the home category. Educational software, naturally, is split between FC's home and business segments.

In other segments — the home market and the educational market — the picture is completely different. The book publishers that have ventured into software development have tended, by and large, to rely exclusively on their own sales force, already familiar with schools. The program developers for the home, on the other hand, have experimented with the widest range of outlets, including mass merchandisers like Toys R Us, which have worked, and bookstores like B. Dalton's, which have not. It is this end of the software market that has come closest to consumer packaging, borrowing its approach and its language, but not its high advertising and promotion budgets quite yet.

Because of the vastness of this market, only certain companies' activity could be profiled. The companies were selected on the basis of recommendations from industry analysts, such as International Resource Development and ICP Business Software Review, distributors, and consultants. Some companies were selected on the basis of their success so far, while others, particularly in the education market, were chosen for the commitment they have made to developing the market.

Business Software

Say software and everyone thinks, "business." And perhaps rightly so: business software will reach $2.225 billion this year, accounting for 63% of all micro software sales. Yet, despite the size of the market, software for office use falls into so many different categories that package goods notions such as market share are almost meaningless. Future Computing, the Richardson, TX-based market research firm, defines six segments within the broad office category, a market the company defines by the type of machine more likely found in office environments (see chart). Productivity software, such as word processing programs, is the largest category ($947 million at retail), followed by business application, such as accounting ($440 million), and system software, an integration of computer programs that operate the application software ($342 million). Together, these three categories account for 78% of all software used on office personal computers.

Software comes to the business user from a number of disparate sources. Apart from the leading independent developers, such as Ashton-Tate or Lotus, the success of certain hardware companies has spurred third party development — programers who have designed software specifically for IBM or Apple machines. These programs are often sold to the computer companies themselves, who release them under their own name. According to Micro-Information Publishing president, Gerald Van Diver, 1,700 developers will have designed 3,900 programs for Apple systems by the end of this year, and an equivalent number, 4,965 programs, for IBM. The most compelling reason for third party developers to sign their software over is cost: Van Diver estimates that the cost of bringing a new program to market has quintupled in two years. For the leading hardware manufacturers, sales of software products and services represent a minute fraction of the companies' revenues, and software alone, often 10% to 20% of that. Apple's software products and service revenues of $69 million in 1983 contributed 7% to the company's total, as did IBM's $2,813 million. IBM hopes to boost that by bringing out its own line of business application software, developed internally for the first time.

With all this activity, the nature of the market has been changing dramatically. Some, like Charles Newton, president of Maryland-based Newton-Evans research firm, believe that the first generation of business software has already peaked. As evidence of the segment's maturity, he points to a change in corporate buying habits: "There is a cautious approach to buying software, that's taking into account the solidity of the company and its likelihood of being around in three to five years." Others, like Softsel marketing vice president, Bruce Cummings, insist that development so far "has only scratched the surface of what is possible." While Cummings agrees that it is increasingly difficult to "go up against the established companies with a new product," he points out that each generation of new hardware provides fresh opportunities for software.

Most widely used software on micros
Fortune 1000 (industrial & service)

Spreadsheet analysis	95%
Word processing	91%
Business graphics	66%
Accounting software	60%
Personnel work	37%
Electronic mail	30%
Inventory control	25%
Invoicing	13%
Order entry	10%

Source: Newton-Evans

Meanwhile, the established companies are trying to secure their leadership with a heavy influx of package goods know-how. This cross-cultural grafting has already left its mark: Lotus Development Corp. has the distinction of being the first, and now the only, software company on television. And Microsoft, another successful vendor, uses heavy sampling as one of its marketing mainstays.

Lotus is certainly the growth success story of the industry, zooming from zero to $53 million in revenues by the end of 1983, and is already past $100 million for 1984. As much as $80 million of that comes from the company's wildly popular Lotus 1-2-3 program, a best-seller for 77 weeks. Now, the company hopes to repeat that success with Symphony, an integrated software program.

Until now, advertising has been crucial to the marketing strategy. The company moved aggressively to blanket print, especially general interest publications, and then branched into television, a mind-boggling move considering the size of Lotus' audience. This effort cost the company about $8 million, according to product development manager, William Nisen. When Symphony was introduced, he notes, "we weren't sure what was going to happen with 1-2-3." Thanks to a rebate program, offering the $695 Symphony program for $200 with a trade-in of the $495 Lotus 1-2-3, the large corporations that represent the bulk of Lotus' target audience "have been split 50/50 between picking up either Symphony or 1-2-3."

But the introduction of Symphony has also signaled "the end of the easy sell," as Stephen J. Crummey, director of sales, puts it. He points out that all those who wanted to buy Lotus 1-2-3 have already done so. "Now," he says, "we have to show the benefits of the programs to people who aren't using computers yet." The target continues to be, as it was before, large Fortune 1000 corporations where, says Crummey, 70% of all productivity programs end up. But the change in the nature of that target has shifted the marketing mix. Advertising will target more vertical markets, while a direct sales force of about 50 will intensify the company's presence in corporations.

"That first time user is the bulk of the population," says Crummey. "And that's one reason why the Macintosh is so important to us." He believes that the Mac will have a strong presence among first time corporate users because it is so easy to use. Lotus is bringing out a new product designed specifically for that machine in the first quarter of next year.

One of Lotus' new competitors is Ashton-Tate, also expected to hit the $100 million mark this year, thanks to an integrated package, Framework, and several popular data base management programs, dBase II and dBase III. Like his arch-rival, president Ed Esber sees the target audience changing. "Selling into the corporation means selling to a third party, who isn't the end user." The difference is a systems-oriented sell giving way to a more "organizational" approach. Perhaps it is the difficulty of this task that has propelled the company's marketing strategy through so many permutations: a $4 million television campaign was recently pulled ("television isn't appropriate," comments Esber), and the company has consolidated its advertising, estimated at $15 million, with Dancer Fitzgerald Sample.

Right now, says Esber, advertising is equally split between dBase III and Framework — even though the integrated product with its word processing skew hasn't yet lived up to expectations. Esber insists, "Both products are strong for us." Advertising is uniquely

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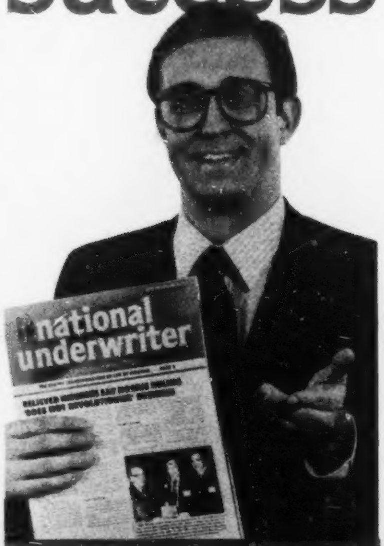

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print, and most of that in general interest business magazines, where positioning stresses business applications. "We're taking a broad approach, and talking to as many people as possible. As the overall market for personal computers becomes larger, we'll go in the direction of vertical markets. But," says Esber, "that's not for a couple of years."

Microsoft is another company going strong, with a $100 million year already under the belt. Unlike Ashton-Tate and Lotus, which have based their success on a limited product line, Microsoft has been expanding its line, out of operating systems and into business applications. This change coincided with the arrival, two years ago, of ex-Neutrogena marketer, Rowland Hanson, who, under his umbrella title of vice president of corporate communications, oversees all marketing, advertising, and promotional plans. Since his arrival, says Hanson, he has been positioning the company at the "high performance" — and high price — end of the business (programs range from $150 to $700+).

Hanson has divided the target audience by machine environment: "The person who buys a PC, which tend to show up in corporations in large volume sales, isn't the same one who's buying a Mac, which tend to be used in education, and small to medium businesses." Marketing a Mac software program, then, requires a different message than a PC software product. Hanson explains that this Apple/IBM delineation is accomplished through a series of overlays, beginning with a very targeted use of direct mail to machine owners.

"When we've exhausted that opportunity, we put the money into machine-specific publications, like *PCWorld*. From there, into broad-based computer publications — of which the best example is *Byte*. And since our application package is skewed to business, we go into the business publications." The advertising, estimated at $10 million, occurs all at once, says Hanson.

The next move for the company is to extend its full line of business application programs into new, major machine environments. Microsoft was the first company to develop software for the Mac, as a result of a contract with Apple. "We're the only company to have a complete package for the Mac," including the company's best-selling spreadsheet program, Multiplan. Hanson says he hopes to see sales of the Mac build Microsoft's overall volume.

Equally important to the company is a strong relationship with dealers and distributors. Aside from promotions, the company engages in an expensive and, in this segment, unique program of sampling. So far, Microsoft has offered consumers a sample disk of the popular word processing program, Word (priced at $500) for $10; when the customer returns to buy the program, he is refunded the money. Hanson says sampling will be extended to other high-volume products by the end of the year.

While the segment booms (software sales are expected to virtually quadruple, to $8 billion, by 1989), some wonder whether the developers really know their market — are the right programs being developed, and are they being used? Van Diver believes there is cause for skepticism. He maintains an 800 number, on which people call inquiring about software to suit their needs; 48% of the calls ask for software that doesn't exist. He adds that sales figures are not always a good indication of usage: 17.5% of Lotus 1-2-3 owners look for another program after six to eight months, and 22.5% of the owners of Ashton-Tate's popular dBase II progam are no longer using it. This, says Van Diver, is a function of the "Ah, Ha principle," a measure of software literacy akin to shelf life estimates. The average program user cycle — the amount of time the program owner will continue using the program — is six to eight months, after which the user says, "Ah ha. If I had known what I know now, I would have bought a different program." Often, says Van Diver, that other product isn't available.

Home software

The home market for computers and software has been the focus of much speculation. But, even though machine sales have slowed to three million units per year, instead of the expected five million or more, software sales have kept right on growing. Growth is still

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quite healthy, with 1984's anticipated $1.335 billion representing a 60% increase over 1983. But it is not at the doubling or tripling annual rates of several years ago. According to Future Computing, the Richardson, TX-based market research firm, three areas continue to dominate sales to the home, accounting for about 80% of the total: entertainment ($548 million in 1984), home productivity ($295 million), and education ($230 million). Home productivity is the fastest growing category, expected to hit $2 billion within five years. This growth is a reflection of secondary business purchases as well as shifts in machine environment (see chart).

Changing tastes in the home market have taken their toll on suppliers. The most hard-hit have been suppliers of arcade-like games, such as Imagic and Activision. Not that games are no longer popular — far from it. But arcade games have given way to more strategic or adventure-oriented ones. "There was a tremendous over-reaction to the games market," says Bruce Cummings, marketing vice president of Softsel, the largest software distributor. "We're selling more recreational software than ever before. It's just that the percentage has fallen with the popularity of business application programs." Indeed, there is a strong cross-over between software popular in the business segment and, to a lesser extent, in the educational system, two strong forces propelling computer usage in the home. Some of the same faces appear — Microsoft, Scholastic, among others. And, as in the business segment, not all software developers are independent. Commodore, for example, is an important software developer, but its 1983 revenues from software products and services of $62 million represent only 9% of the total.

Along with the increasing number of suppliers has come an explosion of outlets — ranging from mass merchandisers such as K-Mart to the more traditional computer stores. The price range of the product has a lot to do with this spectrum: most home software starts at $24.99 and few programs venture much higher than $100. The spread has increased the importance of distributors in getting the product on the shelf — 10,000 dealers can be a little much for a company to handle on its own. Cummings describes Softsel's program, Headstart: "Based on the company's record, the game, and the marketing effort, we'll send two copies out to 9,000 active retailers across the country." Cummings notes that Softsel serves about 70% of dealers who buy from distributors, who themselves represent 70% of the total.

Just as users' tastes have changed, so have buying patterns. "The whole idea of shelf life — that this is a hit business — is a myth," says an indignant Cummings. He notes that the top selling games on his 'Hot List' have averaged over a year's longevity. But the nature of what constitutes a success — especially in the games area — has been changing. "These ain't the video games days anymore," sighs Michael Katz, president of Epyx, a recreational software vendor. Two years ago, he adds, a hit was one million copies of a video game. Now, a hit is 100,000 copies.

This sudden change has not deterred Katz. He aims to develop products that will hit that magic number, by striking a balance between concepts good for "a quick pop." And he's been pretty successful, especially by developing games tied to prominent events, such as "Summer games," and the more recent "Breakdancing" — just the kind of program to attract attention from the *CBS Morning News*. "It gets the buyers' attention," says Katz pointedly. Otherwise, says Katz, his paid media plan sticks closely to print, only leaving the computer books for special computer supplements, such as the one in *Women's Day*. "When you're going to make $1.5 million in sales for a hot game, that means the ad budget can't go higher than $100,000." Katz explains that he has tempered his marketing approach by observing others' errors: "The home computer category has become very marketing-driven over the past few years — you have to show the retailer how you're going to help him sell. The companies that didn't take a cost control approach to this, that poured money into television when that wasn't the most effective solution, have been forced out by better marketing approaches."

Jay Mixter, marketing vice president

at Spinnaker, would certainly agree. The company, one of the first to offer a home education product, has since expanded the product lines to include adventure games, adult improvement programs, and a role-playing series based on literature classics. All lines have been unfolded with a strict brand approach (Mixter likes to compare Spinnaker to Procter & Gamble). As for Epyx, all advertising has been print — but there the similarities end.

Because of the company's strength in home education, Spinnaker has a heavy commitment to the women's service books — which get 40% to 50% of the total ad budget (about $3 million this year), in the fourth quarter. This year, that list will broaden into more general publications like *People* and *Money*.

"But spending more money won't drive sales to a customer who isn't there," says Mixter. That is why, he continues, the company has focused its spending behind a limited number of well-developed product lines. "The home market divides into segments by general use. We plan to participate in all — personal productivity, entertainment, and education — except arcade. There's too much risk in that hit-making business. We want to see the consumer develop franchises around our brands," which will approach 10 in the next year.

CBS software has developed a similarly broad product line, according to marketing director, Drew Pollack. CBS is heavily into home education, with drill routines and SAT preparatory programs, and just as heavily committed to strategy and learning games. "Right now, we're only advertising in print, mostly computer books," says Pollack, adding that she is considering television for the coming year. "I think that there are productive ways to use television and radio in this category." For programs aimed at a slightly older audience, CBS has also advertised with *Time*'s business edition and similar magazines.

Pollack notes that her major concern is working with retailers, who range from the computer specialty stores to K-Mart and Toys Я Us. Since all CBS's products are targeted to the home, she says, "We have to understand what's important to the dealers. Sometimes, she concedes, she thinks there are too many different types of outlets, for whom software is only a "plus business," and not an important part of the merchandise.

"dBASE II helps keep us on our toes."

ASHTON-TATE

Going after business with a twist

This emphasis on home education is coming to the market from another end as well — from the nascent educational software publishers who see the school environment as a healthy influence on software penetration into the home. One such is Scholastic, which has made a point of developing educational software with equal application to either environment.

"The brand choice of hardware and software in schools is affecting the choice in the home," says software division president, Richard Khaleel. He points to studies by Scholastic's own *Family Computing*, adding, "12 million children used Scholastic products last year." Key to marketing into the home is a strong-promotional program ($1 million) with dealers behind the brand. In addition to in-store promotions, Scholastic sponsors contests for children and even offers incentives to parents. Advertising positions the publisher as "the most trusted name in learning." So far, advertising has been concentrated in the computer books — "We don't have to build as much awareness as some others," notes Khaleel.

"The home and school market for education software aren't all that different," he comments. "Their needs are the same: Show me how to use a computer. Show me how it will improve my life. The key to educational software now is consumer confidence, whether that consumer is a home or school user."

Educational software

Educational programs cover a broad and amorphous area, ranging from those programs designed to teach students how to use a computer, to simple programs that make the computer a tool for learning, to more complex "computer-assisted instruction" programs that replace textbooks. The target market — the 90,000 elementary and high schools and 3,000 colleges — is a young but eager one. Companies pursuing it estimate 1984 sales to range between $100 million and $125 million. Educational programing is a potentially profitable segment for certain software publishers, especially those closest to the market: as computers go into more classrooms, as they become more integrated into the curriculum as objects and tools for learning, sales of accompanying software will accelerate. So far, there is one personal computer for 85 students, on average, as the result of two years' marketing effort.

The software market, equally young, has yet to have any leaders — after all, a two-year-old market is simply two shots at selling so far. But best placed to make inroads are the companies that are already in the schools, already familiar with classroom needs, with institutional structures: the textbook companies. Yet this strength of distribution has, so far, not been used to spur software sales. As Debbie Dennis, senior editor in McGraw-Hill's software division, explains, "If you were a sales representative, which would you rather sell, 300 copies of a textbook, or one software program that will be copied?" Educational software prices range from $30 to $125 or more. She notes that some of the educational software already published is being used to "secure the adoption" of accompanying standard textbooks.

The fear of piracy has not deterred McGraw-Hill from developing over 500 programs, nor Houghton-Mifflin, or other publishers. If anything, there have been all too many inducements to enter the market, simply because of its breadth. Houghton-Mifflin, for example, started its foray with an adaptation of an accounting program, targeted to colleges and business schools. This market has proved lucrative — since students often take the programs with them into their jobs — but highly competitive as well. As Sherman Rosen, college division software analyst, points out, the business market is also a strong secondary arena for business applications marketers such as Lotus and Peachtree.

Likewise intent on the student business community, but slightly more broadly based, is Prentice-Hall, which is in its first year of selling a modified IBM package, Apprentice. These 'crippled' programs, modified so that they are not as powerful as the original, help students learn how to use software. Prentice-Hall has three sales forces carrying the program into elementary and high schools, colleges, and retail outlets. In addition, notes Robin Hartman, the publisher's acquisitions editor for the package, "Marketing for a product designed primarily for education relies heavily on direct mail — to faculty, computer center directors." Occasionally, Prentice-Hall has used computer magazines intended for teachers, such as *T.H.E. Journal* and *Electronic Learning*.

But advertising tends to be less crucial to this market than others. Teachers listen to other teachers, the publishers are fond of saying. While word-of-mouth and the company's reputation carry some weight, the publishers hedge their bets by frequently using former teachers on the sales force.

One non-publisher that has been a major force in developing software for schools is the Minnesota Educational Computing Corporation (MECC). A 10-year-old, state-owned institution, MECC has become a leading developer and licensor of educational programs: 49 states have access to MECC's 1,000 programs. Director of marketing, Ron Barnes, says these agreements make MECC's marketing methods unique. "We're also pursuing the more traditional routes, through retail dealers and distributors, and mail order houses. But the licensing we do creates a nontraditional distribution channel for us."

You bought a computer to cultivate your kids' minds.
Make sure it's bearing fruit, not growing vegetables.
ADVENTURE CREATOR
IN SEARCH OF THE MOST AMAZING THING
SPINNAKER

A balance of games and education

Barnes is quick to point out that marketing efforts are just beginning. "Everyone wants to get in, but it's unclear who will be the ultimate software source to the schools. And one problem that the producers are just beginning to see, is that it's one thing to produce a product, and quite another to get it into the schools. The marketing budget is typically so much higher than the development costs, that this alone could force some people out." Barnes notes that a software program may cost between $50,000 and $100,000 to develop. If the publisher is trying to sell it into the home as well as the school, marketing costs may run as high as $5 million behind a single program.

> **"The average cost of bringing a new product to market has rocketed from $500,000 in 1982 to $2.5 million now."**

One publisher aiming at this balance is Scholastic, a school supplier for 80 years. "Our philosophy," says software division president, Richard Khaleel, "is to develop products that help children learn." He describes Scholastic's marketing strategy as using the influence of the educational system on the home market: "There are two forces driving the home market, the home-school connection, and the home-business connection. We're focusing on the first." Scholastic has the broadest program, straddling the two markets with an impressive array of promotions, advertising and direct selling. At the core is a "branded approach," that takes advantage of the Scholastic name, "the most trusted name in learning," as the advertising is tagged. So far, advertising is concentrated in computer books, such as Scholastic's own *Family Computing*. Since the company is selling the same product to schools and the home, relations with dealers are crucial. Khaleel estimates that as much as 50% of educational software sales through retailers are going to schools — "that means that our dealers have two shots for a sale." The focal point of most of the Scholastic programs is to use the computer as a teaching tool for computer-assisted instruction. One of the company's most popular programs, for example, is Bank Street Writer, a program that encourages writing skills. Scholastic has the rights to sell Bank Street Writer into schools; the rights to sell into the home belong to Broderbund, a California software company. Curiously, the program sells for $70 for home use, $125 for school use. Khaleel shrugs, "Over the years, this kind of agreement has become common."

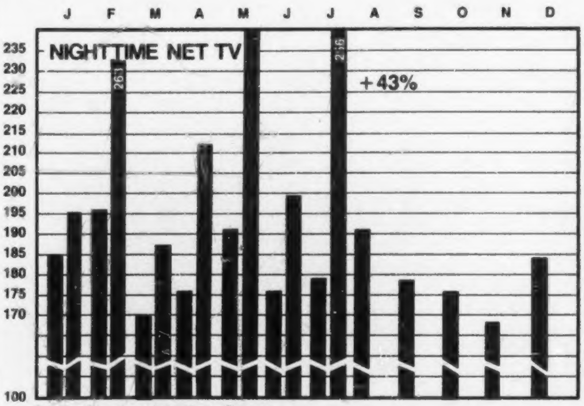
Scholastic's next big step is to bring out an educational version of the PFS family of integrated software, a series of programs developed by Software Publishing Inc. The programs include a writing, filing, and reporting program that teachers can use to "turn the computer into a resource in the classroom."

Despite all this activity, some observers of educational software development charge that there is a dearth of curriculum-based programing — software designed for use with or instead of a text. Bruce Cummings, vice president of marketing for Softsel, the leading distributor, says that much of the software to date has been "drill and practice," an electronic form of flashcards, or simple programs for learning to use the computer. The publishers staunchly disagree. MECC's Barnes explains, "Much of the criticism has been leveled toward programs that start as games, have an additional application tacked on, and naturally become superficial programs. It all depends on your perspective of the market."

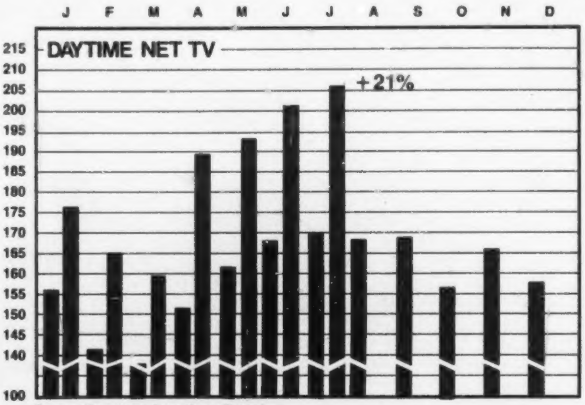
Laura Konrad Jereski

MEDIA COST INDEX

Black bars index for 1983; color bars 1984; base year 1977



Source: Broadcast Advertisers Reports



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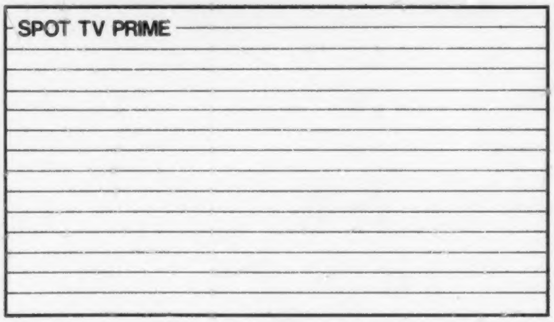
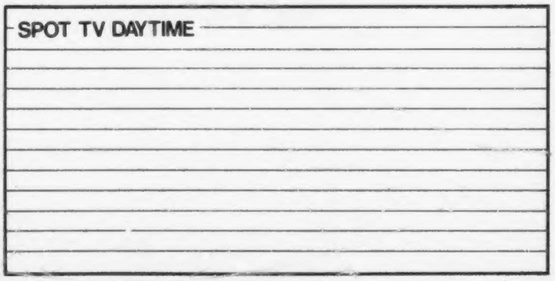
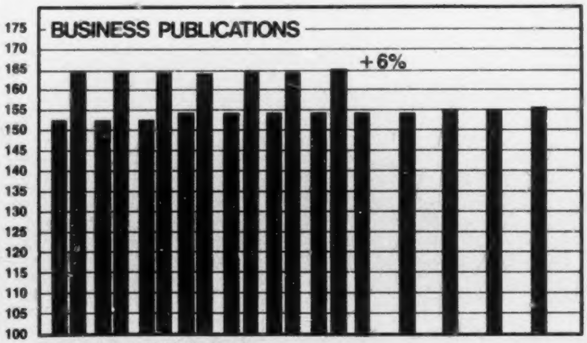






Source: Marketing & Media Decisions

The second report on spot radio cost trends, prepared by Radio Expenditure Reports, Larchmont, NY, covers the second quarter of 1984 and puts the index at 239, up 19% over the corresponding quarter in 1983. This newly acquired but long sought addition to this monthly index represents the cost of a 60-second spot in the top 100 markets as reported to RER by major cooperating radio representatives.

On the network side, radio shows a 5% increase over the same 1983 month, a surge that is contrary to the mostly minus picture so far this year.

The newspaper index for July has been delayed due to the need to revise the data base to coincide with the change to the new SAU system which embraces column inches rather than lines.

Daytime network tv held at +21%, but **nighttime,** with a 43% Summer Olympic-inspired increase, outdistanced the 34% reported for February and the Winter Games.

Both outdoor and consumer magazines held at July levels. **Supplements** showed a two-point drop. **Business publications** at +6% represents a few newly announced rate increases, just slightly below last year's increases.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

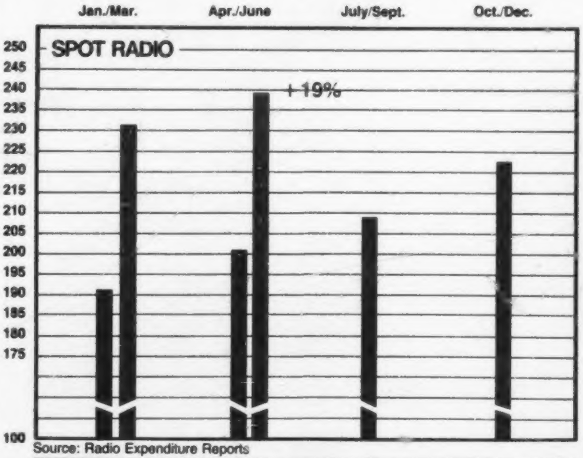
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. **Spot radio** index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

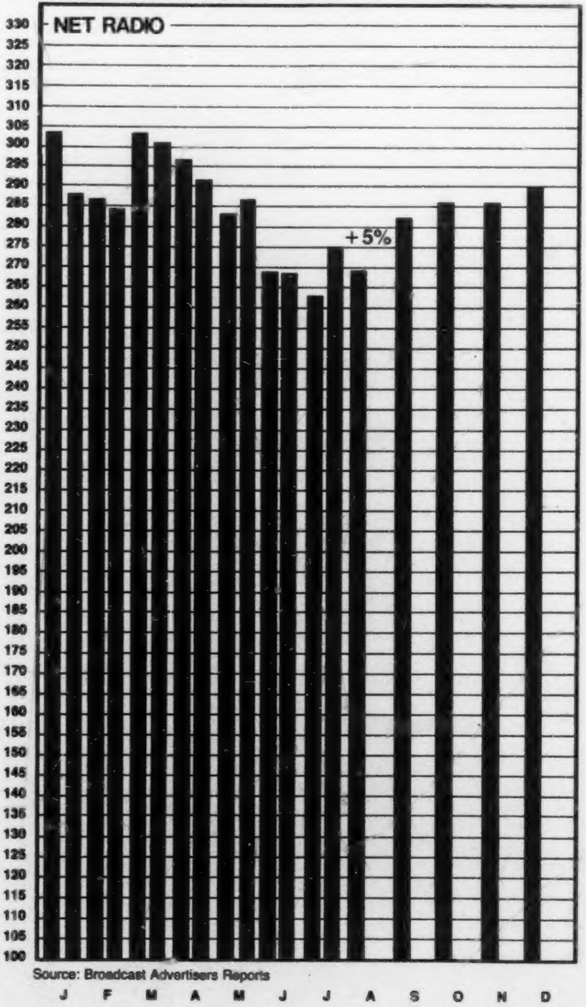
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

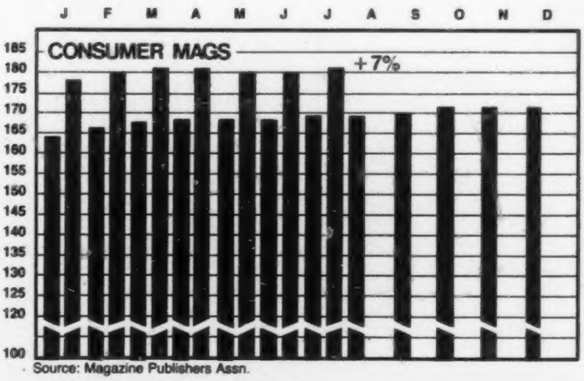
Black bars index for 1983; color bars 1984; base year 1977



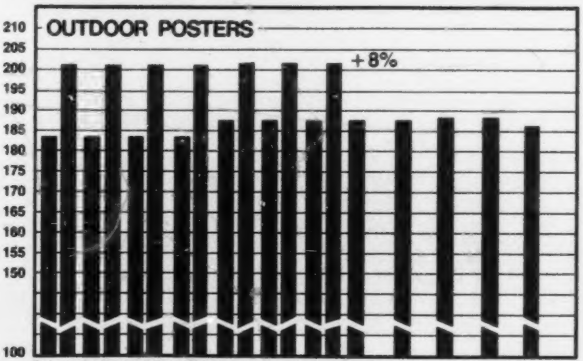
Source: Radio Expenditure Reports



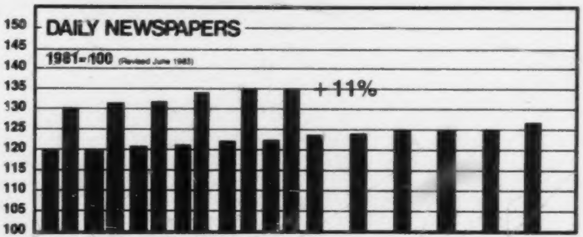
Source: Broadcast Advertisers Reports



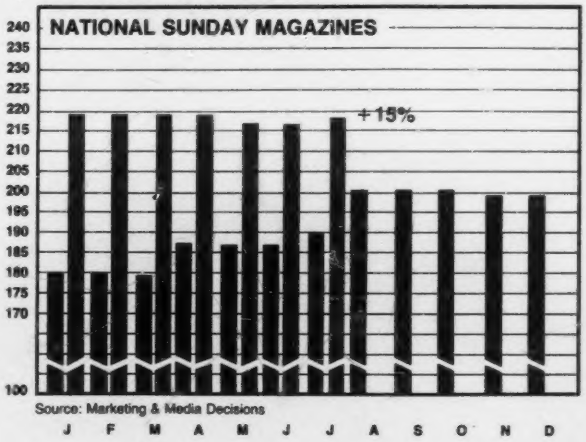
Source: Magazine Publishers Assn.



Source: Institute of Outdoor Advertising



Source: Newspaper Advertising Bureau



Source: Marketing & Media Decisions

DAILY NEWS: *Continued from page 65*

barking on a course that was succeeding in attracting more affluent suburban readers when the Marshall Field family sold the marginally profitable paper to Rupert Murdoch. Hoge himself had tried mightily to form a consortium of investors to buy the paper. Now, Hoge has, sort of, retaliated. His new employer, the Chicago Tribune Co., puts out a same named paper, the *Sun Times*' arch-rival. And going head-to-head in New York against the man who took his Chicago paper away from him, might not exactly displease Hoge.

But if Hoge is itching to right old scores, he does not seem to have figured out yet just how to do it. He is unusually reticent, and unclear, in describing just what the *News*' intentions are. For example, while he was with the *Sun Times*, Hoge, twice a year, made the rounds of major ad agencies and met with key executives at major retailers to clue them in as to what the paper was up to and what it could deliver. But since he took over at the *News*, several presentations have been cancelled at, for one, J. Walter Thompson. However, J.W.T.'s Pierce is sympathetic. "The *News* is now taking a deep breath. It's in a holding pattern." He believes that the paper's "biggest problem is New York — the demographic changes that have occurred there. The *Times* is above such a large segment that we need a newspaper with a strong identity in the middle class. But it is a tough thing to do."

CIRCULATION PATTERN

	Post	News	Times
March 31, '84	963,069	1,374,858	970,051
Sept. 30, '83	961,593	1,448,202	933,628
Sept. 30, '82	934,036	1,542,221	925,593
Sept. 30, '81	749,179	1,487,203	908,585
Sept. 30, '80	646,854	1,539,481	894,687
Sept. 30, '79	627,829	1,619,016	851,135

Source: Audit Bureau of Circulations
Note: Monday through Friday circulation

Hoge is a master of the broad generality when questioned about the paper's market position, readership and future. "I say the *News* is a broad market newspaper, which means it's in the middle, but also not only in the middle," he says. "It also has a large readership with the lower middle class. And it certainly has many people just above the middle who read it as well," he says. "I think of it as a broad market paper which has to have wide appeal to a wide and diverse audience. The key to the *Daily News* is to have that broad appeal."

To attract that demographic, certain areas have been earmarked for enhanced coverage. These include sports and entertainment. And the push is on for livelier editorial. "We want to be hotter and more fun to read," says new editor F. Gilman Spencer, the former editor at the Philadelphia *Daily News*. He cautions that this doesn't mean that "we are going to take off our clothes and dance around the front page. We're running a newspaper here, not Mad Comics." Hoge shares his editor's desire for spiced up editorial. "I would like to see the *News* lively," he allows, adding that he has no objections to running "dramatic stories with innate sensationalism."

To some, this sounds as though the *News*' management is going to emulate the *Post*'s brand of journalism. James Weighart, the *News*' former editor, who resigned after Hoge came on board, thinks that the paper is playing up news about people in favor of intensified local news coverage. "The way to kill the *News* is to become more like Murdoch," he warns.

For its part, the *Post*, whose advertising has grown by 25% and circulation by one-third since 1979, seems to be enjoying the *News*' discomfort. "Imitating us would be a bad mistake," says Leon Hertz, vice president and associate publisher of the *Post*. "It would be like us trying to come out with a plainer, weaker version of the *Times* when people are already satisfied with that paper." A bit piously, he proclaims, "being competitive doesn't mean going after the success of someone else. The best thing they can do is turn back and find their roots."

That is precisely what Hoge and Co. are trying hard to do. But it is not an easy task, and the reality is that any strategy that the paper embarks upon will be dictated by the *News*' financial condition. For years, the *News* has been boxed in by longstanding union contracts. The parent company managed to wring some sorely needed concessions from the unions when it threatened to fold the paper after no suitable buyers appeared. About 1,000 jobs were cut from the union's 4,000-member payroll. The buyout was estimated to have cost the *News* some $46 million in 1982, but it set the groundwork for the paper's financial turnaround. The staff reduction is reportedly saving the paper $50 million per year for three years, beginning in 1983. In return, the Tribune Co. set into motion a $44 million revitalization program, intended to relocate the *News*' printing presses out of downtown and into three, modern plants outside of Manhattan. That move is expected to be completed first quarter, 1985.

Largely through severe cost-cutting last year, the *News* earned a profit of $22 million, a strong reversal from 1982's loss of $14 million. But it came at a cost: one-third of the editorial staff, or 600 people, were also let go.

This year, the *News* will earn a profit too, but it won't be as much as management had anticipated. Profits should be less than half that of 1983, according to Hoge, even though the paper was budgeted to exceed the previous year's level. Hoge, noting that revenues have held up well — from $340 million in 1982, to $365 million in 1983 and a projected $385 million this year — blames the slippage on unbudgeted costs for the revitalization program (which ate up $51 million instead of

$44 million), a decline in circulation revenues and a substantial increase of $7 million to promote the sagging paper.

How committed the Tribune Co. is to the *News* is critical. Approximately 20 blocks south of the *News* sits the headquarters of Rupert Murdoch's New York *Post*. The notorious publisher has made it clear he has the patience and wherewithal to accept several years of red ink. Murdoch, who in his newspaper stable counts the $7 million profit-making San Antonio *Express News;* the $50 million a year profit generator, the London *Sun;* and the $15 million money-maker, the U.S. *Star*, is hoping that the Tribune Co. will tire of circulation wars and fold the paper.

ADVERTISING PATTERNS

	Post	News	Times
1st six months '84	6,400	17,627	20,866
1983	13,200	34,473	41,713
1982	12,890	32,299	41,240
1981	10,560	31,879	41,567
1980	9,928	34,701	39,512

Source: Media Records

Numbers represent full and part run lineage ***Note: figures in millions***

Meanwhile, although it has gained in circulation and advertising, it still has only captured 8% of the advertising of its metropolitan newspaper competitors. It claims to lead though, in real estate, automotive and electronics.

Furthermore, the *Post* has successfully transformed itself from being just another afternoon tabloid into an all-day newspaper. This move was made in 1980, the same year the *News* attempted *Tonight*, an upscale afternoon edition, which failed a year later at a cost of $20 million.

On the drawing board at the *Post* are plans designed to shake the *News* further. Within the next five years, the *Post* plans to begin publishing a Sunday edition and to obtain printing press capacity which will free it from its current restricted limit of 1.1 million copies per day, according to Hertz.

Nevertheless, observers read Hoge's arrival at the *News* as a sign of its owner's positive attitude toward the paper. Even former editor Weighart, now a correspondent for Scripps-Howard, concedes, "When Hoge came, it was an indication that the company wanted to make a go of it."

All well and good, but what will Hoge actually do to right the paper? On the one hand, he has hinted that he would like to see the *News'* circulation grow in the suburbs, where it already has 350,000 in sales. On the other hand, however, he concedes that he has no specific plans to step up coverage of those areas. What he suggests is, that the *News* can interest suburban readers by strong local coverage of sports, entertainment and leisure time activities.

Then he hedges. "I really don't believe that you have to distinguish between the city and the suburbs. I think it's all of a fabric," says Hoge. "I think there's a general metropolitan area that has the spirit, the sense of what New York is, and who consider themselves New Yorkers." The paper, he adds, "in its reporting, its flavor and its interests, has to be a very strong reporter, mirror and advocate of things about New York."

Analyst Morton believes that "the real problem with the *News* is its identity. The paper is seen as a broad, mass vehicle — but for the middle class — and that group has moved to the suburbs. And the papers there have done a much better job of attracting readers and advertisers."

If the paper were to make the commitment to step up coverage of the suburbs, advertisers would probably respond favorably — as they did when Hoge began extending the *Sun-Times* reach into Chicago's suburbs. But the *News* would have to hire additional staff at a time when it has to worry about costs. Then too, the paper would be going head-to-head against strong, suburban papers. *Newsday*, for example, which covers Nassau and Suffolk counties, has over the past five years gained only 2.5% in circulation Monday through Friday, but has jumped 22% in advertising revenues. In addition, in 1972, the paper added a Sunday edition. It has even made major inroads into the *News* territory. Last year, it began publishing a Queens edition.

"I think that the *News* should first concentrate on becoming a stronger local paper and then it will be ready to conquer other fields," advises Jack Cohen, director of print and outdoor buying at Doyle Dane Bernbach.

Eventually, however, the *News* may be forced to address the question more directly of how it intends to continue serving the broad middle class. With the advent of a service-minded economy and skyrocketing housing costs, that group is not so likely to be blue-collar workers living in the inner city, but suburban white-collar types.

Hoge recognizes that the paper's future is in catering to the service sector. "I think we have to pay attention to the people who are coming in to take these jobs — folks whose parents may have had jobs in blue-collar manufacturing in New York, but whose children and grandchildren are going to have jobs in white collar," he notes.

He is reluctant, though, to specify if such a move would take the paper upscale, a term he says he doesn't like to use. He also leaves open to question what might be a natural occurrence: that in serving the white-collar worker, he would, of necessity, have to provide more suburban coverage.

Seeking to move upscale also has other inherent risks. How do you compete against the New York *Times*, which has already demonstrated its prowess at broadening its support base?

Hoge, however, cautions that any change will be evolutionary. "The *Daily News* has a very rich history with its own tradition. You don't want to lose sight of how did you get to where you are," he points out.

Since becoming publisher of the *News*, Hoge is living up to his promise to pay "fairly steady attention to the editorial product."

Indeed, Hoge seems to be putting into practice some ideas that worked well at the *Sun-Times*, where he rewarded stars, investigative reporting and stylish writing.

For one, he has succeeded in bringing back the paper's well-known columnist, Jimmy Breslin. Breslin quit earlier in the year when former editor Weighart, moved his column to the op-ed page. Hoge has given him star billing in the up-front news section. Hoge also has signed on the Chicago *Tribune's* popular ad columnist, George Lazarus, to write an exclusive column for the *News* twice a week. Other business news is being carried now in a special weekly section on Tuesdays. A third columnist, this one to cover entertainment and gossip, has been added to the feature section. The paper's coverage of celebrities has been further expanded through a new section in the Sunday magazine, called Sunday's People. In addition, the *News* has extended its coverage of television. And lastly, the *News* revealed in October a Sunday magazine that is "more self-conscious about New York" and in typical Big Apple style, is four pages longer an issue.

FULL-RUN ONLY COMPARISON FOR ADVERTISING

	Post	News	Times
1st six months '84	6,400	7,044	18,918
1983	13,200	15,296	37,549
1982	12,890	14,594	37,545
1981	10,565	15,907	37,773
1980	9,928	16,377	37,574

Note: figures in millions

"The *Daily News* has to be good at a lot of different things. Part of the franchise," explains Hoge, "I think, is reporting of local news. But it also has to be very good at covering sports and at covering what is a major industry as well as a pastime here and that is entertainment, theatre and the arts," declares Hoge.

One department which will surely benefit is sports. Hoge's new strong-minded and well-respected editor, F. Gilman Spencer, is a sports section enthusiast. When at the Philadelphia *Daily News*, he "had the most coddled, most spoiled sports reporters of any paper," confides the editor. "I'd love to have that here."

Indeed, it is sorely needed. One of the reasons the *Post* is gaining ground is its widely admired sports section, which includes former *News* columnist, Dick Young.

Beyond that, Hoge, who plans to play an active role in critiquing the paper's editorial moves, notes that during his realm, the *News* has moved from four column to five column makeup "to try to get a little newsier and to allow our headline writers to write snappier headlines."

Even though Hoge has also allotted more space to the up-front news section, he has been criticized for playing up celebrities in favor of local news.

"There are some changes that speak for themselves since I left," says Weighart. "There is a de-emphasis on community news and the paper is more people-oriented.

"And there have been some days when the promotion of its contest to gain circulation has been moved forward to page two," adds Weighart. "We never let it get before page seven."

Hoge, however, is putting more emphasis purposefully on promotion. The promotion budget this year was boosted $7 million from $2.5 million — and he has no intentions of slowing it down. "I don't expect that the contest promotion, which we have introduced as a steady marketing tool, will go away anytime soon," says Hoge.

"I don't put a value judgment on using contests to maintain or gain circulation," he explains. "Sampling devices, which are what contests are, are not inherently bad or good. They are effective or ineffective. Over the long term, however, sampling devices will not take the place of a good product."

Regardless, the *News*, forced to accept contest promotions when Rupert Murdoch came to town and began practicing it at the *Post* with startling success, also seems to be playing a game of catch-up with the *Post* in forming its news judgments. The *News*, which first carried the story of a woman with a man's transplanted heart who gave birth, ran it from an Associated Press dispatch in the back of the paper. Later that day, the *Post* played it up with front-page headlines. The next day, the *News*, too, carried a secondary story, this time running its own copy and displaying it in the front news section.

"There's a give and take between the newspapers," says Hoge. "News judgments change. One night an editor might decide that something isn't worth very much and the next day he says, 'I made a mistake.'

"Sometimes, it's because of what the competition does," he adds. "As a general rule, 'are we making news judgments because of the ones they are making?' At times, yes. Will we? No. Will we at times? Yes."

The most immediate problem the *News* has to address, however, is how to stem its circulation losses. The *News* lost 73,444 Monday through Friday in circulation during the six-month period between September 30, 1983 and March 31, 1984. It is expected to report another loss this September 30, but Hoge says it will be less than half its loss in the previous six-month period. By March 31, 1985, Hoge predicts the *News* will show a circulation gain.

Although Hoge is not revealing how much circulation he believes the paper can eventually gain — after World War II, it had three million in circulation on Sundays — he indicates that it would not be "economical for us to reach those kind of numbers today.

"But we are laying our plans with intentions to see the *Daily News* circulation increase. I would rather not say for competitive reasons, but the important point is that there has been some talk about 'maybe you deliberately want to come down to a lower number.' That's not true," he insists. "We want to see circulation increase and the reason for bringing on new trucks and for getting our presses up to working order, and for having contingency plans for adding presses, is because we want to see a larger *Daily News*."

Hoge blames the *News'* current circulation losses on the "almost unprecedented relocation program. It is larger and more complex than anything that I've ever seen in the business and it just robbed us of efficient distribution and production for a number of months," he explains.

Because of press inefficiency, the *News* had to push back press starting time to 10 p.m. from midnight. That prevented it from carrying the all-important final scores of major sporting events, but it did allow it to get to the streets before people got to work.

The end of first quarter 1985, Hoge says, should see the completion of press relocation and reconditioning, and the installation of a truck fleet that is in "tip-top shape." (The *News* is printed at Kearney, NJ, Garden City, Long Island, and Brooklyn.)

It is crucial that the *News* succeed in stopping circulation slide. States analyst Morton: "If it can't reverse the decline, it will mean that it is merely a continuation of a long-term trend."

Particularly worrisome is that the *Post* has gained nearly a million in circulation compared with 1.4 million for the *News*.

Numbers affect on advertisers' consciousness of getting wide coverage. "The *Post* is a blight to a lesser degree as the numbers in circulation grow," says Cohen at Doyle Dane Bernbach.

> **"We need a newspaper with a strong identity in the middle class. But it is a tough thing to do."**

While many advertisers still worry about the *Post*'s editorial environment, they say that as readership grows, it is hard to resist. Gimbel's advertising manager, Bob Gottlieb, for example, says that even though he "resents the *Post*'s editorial environment" and believes the *News* to be "the most viable product of any metropolitan newspaper," he's forced to use the *Post* for coverage of the metropolitan area. (In the New York ADI, the *News* delivers 21% of households, the *Post*, 13% and the *Times*, 10%.)

To those advertisers, Hoge has a message. He says he's convinced that the Tribune Co. is committed to the paper. He points out that the *News* is scheduled for a "number of capital improvements into the 80's and 90's, things like an improved replacement schedule for the delivery fleet; a new printing process called flexography, which would improve the paper's reproduction; computerization of the paper's general ledger and budgeting; a new word processing system for editorial (to replace one that has reached its life cycle); and the possibility of making up the paper with pagination.

Stresses Hoge: "I think that the Tribune Co. is fully committed to the *Daily News* for updating equipment and processes. Our basic assumption is that the *News* should be edited and managed to be the strongest and most vibrant New York paper about New York."

Rebecca Fannin

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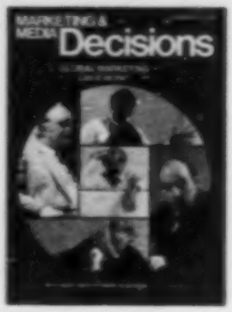

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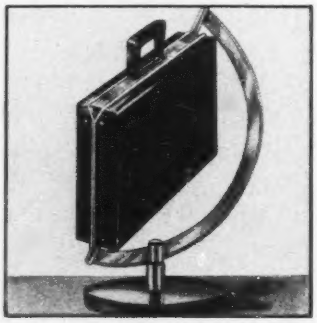

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FUTURES

Bleak days ahead for cellular phones

The market for cellular phones "will peak no later than mid-1985," warns Herschel Shosteck, president of Herschel Shosteck Associates, the Maryland-based cellular telephone analyst. He points out that 50% of the market is located in the top 30 U.S. markets, where cellular sales have already satisfied demand. In the remaining markets, he adds, there is not enough demand to warrant capital investment. As an example, he cites the Chicago area, where 10,000 users currently share the burden of a $3 million system: "It doesn't take much math to figure out that this translates into $50 a per month for capital costs," he says.

Prices for the telephones themselves have been dropping. Between competition from mobile phone companies and the limited availability of cellular services, says Shosteck, "next year should be a very good one for bankruptcy lawyers." The survivors, he notes, will be the ones who pattern themselves after the telephone companies — with a long-term investment, and slow-growth outlook — rather than those who "go in blind and expect to make money overnight."

Shopping patterns shift by categories

Shopping patterns among men and women vary with the items they purchase, according to a study by R.H. Bruskin, the New Brunswick, NJ-based market research firm. The survey, conducted among 1,007 adults, shows the highest concentration of shopping activity for food, where 63% of males make purchases during those three days.

But, cautions the study, while advertising tends to focus on those three days, a growing percentage of shoppers find there is no specific day when shopping is likely to occur. Women, for example, are likely to buy clothes on Thursday, Friday or Saturday (50%), but almost one-third (31%) do not shop on specific days. New car purchases are the most timeless: 39% of women are likely to buy a new car during those three days, but 45% cite no specific day for the purchase.

PC owners spur software sales

Owners of IBM PCs and PC compatibles buy $1,315 of software in the first year of ownership, according to a study on the PC software market by Frost & Sullivan, the New York-based market research firm. The study points out that the bulk of the purchase is made at the time the hardware is bought ($729).

The market for PC's and compatible software, which Joseph Savino, director of computer studies, estimates to be about $2 billion in 1984, is expected to boom to $12 billion in 1988. "In 1986," he points out, "sales in the first year after purchase alone will surpass the initial software sale." The aftermarket, currently at a $500 million annual level, will represent $8.6 billion by 1988, according to Savino.

Savino cautions that the figures paint a deceptively rosy picture of the software aftermarket and that personal computer users are becoming increasingly demanding of products they buy.

Investors distrust annual reports

Investors apparently take a rather bearish view on the comprehensiveness of annual reports. A recent study by Hill & Knowlton reports that investors, used to number-juggling and finger-pointing, distrust what management says in annual reports.

The study, conducted among 247 individual investors and 50 security analysts, found that annual reports are generally perceived as easy to understand but deceptive: almost 73% of the repondents accused annual reports of downplaying or hiding bad news. Most investors (92%) also agreed that annual reports are not informative enough on the company's competitive situation in its various businesses.

Though all respondents found annual reports "essential," or, as one investor remarked, "meaningful," almost one-third don't trust what they read. Investors preferred their own analysis, cited by 72% as "a very important source" of information, and statistical services such as Standard & Poor's and Value Line, cited by 62%. Even articles in the press (41%) and business programs on radio and television (35%) rated higher as important sources than annual reports (25%). The only source of information rated lower than annual reports was advice from friends or relatives (15%).

Investment professionals rank annual reprint sections

Section	Importance rating
1. Financial statements	95%
2. Business segment information	93%
3. Financial review	87%
4. Five- or ten-year financial summaries	87%
5. Management's analysis	81%
6. Review of the year	78%
7. Quarterly summaries	74%
8. Statement of accounting policies	73%
9. Financial highlights	70%
10. Letter to shareholders	69%
11. Dividend payments (two years)	54%
12. Stock price history (two years)	43%
13. Inflation accounting (effects of changing prices)	39%

UPDATE

Agency adds licensing to marketing ability

The Chicago advertising agency, Dawson Johns & Black, has teamed up with Lucas Enterprises to form a jointly owned licensing division named DJB/Lucas. (See: *Marketers take license*, September 1984, pg. 72.) DJB president Powell Johns contends the joint venture "marks the first time that both advertising and licensing services will be available through one company."

Johns goes on to explain, "The new company's roots lie in what we see happening to brand name marketing. The ever-increasing investment required to establish a brand name from scratch makes the concept of 'renting' one very attractive." It also appeals to the have's and have-not's. "A strong brand name can strengthen its franchise and extend awareness by allowing its name to be used in other businesses. The 'user' enjoys equally efficient marketing benefits, getting all the imagery and good will [of the brand name] without putting up a lot of front money."

Johns calls licensing "a key marketing tool of the future," and predicts that "as competition intensifies and corporate America seeks to further reduce costs and maximize efficiency through consolidation, licensing can play an important role."

Miller High Life to J.W.T.

Miller Brewing Co. assigned its $55 million Miller High Life account to J. Walter Thompson USA after seven months of review. Backer & Spielvogel continues as agency of record for media purchases, and still handles Miller Lite, Lowenbrau, Meister Brau, Milwaukee's Best plus new products. (See "Low Point for High Life," August 1984, pg. 38.)

No decline in co-op funding

Apple Computer Inc. led the parade in the average total paid out in co-op reimbursement — $6,072, according to a report from Multi-Ad Services. (See: *Special Report on Co-op Advertising*, November 1983, pg. 139.) The average co-op accrual for the computer industry was $1,340 — by far the highest of any U.S. industry — according to the report.

But while computers led the industry in average amounts granted to participating dealers, the hardware industry offers the greatest number of co-op plans, 22%, while the computer industry accounts for only 2% of the total number of plans.

The Top 20

How manufacturer accrual call averages stack up

Apple Computer Inc. (computers)	$6,072
Lee Co. (jeanswear)	$5,024
Levi Strauss & Co. (jeanswear)	$3,804
Jordache Enterprise. (jeanswear)	$1,574
Farah Mfg. Co. Inc. (women's wear)	$1,199
O.M. Scott & Sons (lawn care)	$1,087
Eastman-Kodak Co. (photography supplies)	$987
Haggar Co. (men's wear)	$936
Wrangler (jeanswear)	$928
Nikon Inc. (photography supplies)	$687
Florsheim Show Co. (shoes)	$635
Dexter Shoe Co. (shoes)	$572
Softsel Computer Products Inc. (computer software)	$543
Del Mar Window Coverings	$537
Canon U.S.A. Inc. (photography supplies)	$490
Samsonite Corporation (luggage)	$484
G.H. Bass & Co. (shoes and leather goods)	$479
Brown Show Co. (shoes)	$473
Adidas Inc. (athletic footwear)	$445
Jantzen Inc. (apparel)	$413

Source: Multi-Ad Services, Inc.

Out of sight out of mind — for cable

Cable television systems have very little awareness among non-subscribers, according to a study from the ELRA Group. (See: *And you think cable's got problems?* August 1984, pg. 51.) Nearly 60% of non-subscribing heads of households in cabled areas are unable to give the correct name of their local cable operator or the MSO name.

The ELRA study attributes the low operator identity awareness to local system failures to establish marketing contacts. The proportion of non-subscribers who claim they have never spoken with their local cable operators reaches nearly 60%. Another 11% have not been contacted in the last year. The report suggests that advertising could counteract the lack of awareness. ELRA vice president of research, Bruce Hoban, comments, "It is possible to get through to non-subscribers. The awareness levels of pay networks demonstrate this. Non-subscribers, influenced by either advertising or prior experience, generate more cable awareness than do contacts with system representatives.

"This raises questions about marketing philosophy," according to Hoban. "Are untouchable outsiders people who are inherently hard to reach or simply do not want to be reached? Or are they outcasts, potential customers that have been neglected by cable sales reps?"

MRI cable stats

Based on its sample of 20,166 adults (18+), Mediamark Research's (MRI) fall 1984 report cites a 9.3% hike in cable subscribership over spring 1983's tally. The survey, conducted between September 1983 and July 1984, reports that 67,385,000 U.S. adults are cable subscribers — a 40.1% penetration. In its March 1983 to January 1984 survey period, MRI noted a 37% penetration of cable, or 61,639,000 adult subscribers.

The research firm claims that the 'per adult' figure, compared with the Nielsen 'per household' number, more accurately describes media status in relation to an individual's viewing behavior, and facilitates cross tabulation of purchasing behavior with subscribership and viewing habits. "We're looking at an individual's data of which product usage and media patterns are integral aspects," says MRI's Susan Gild, director of electronic media sales. "That detailed portrait is more pertinent to advertisers in product targeting," she adds. MRI's clients include the Cable Advertising Bureau, *CBN*, *Lifetime* and *Arts and Entertainment*.

The MRI report says that cable subs are somewhat younger (mean age 38.9) than the general population (40.5). Pay and STV subs are younger still — 35.2 and 34.8 years of age, respectively. The average household income for cable subs is $29,879 versus median U.S. adult income of $27,024. MRI found pay cable subs increased 5.6% from 39,420,000 by spring 1983 tally to 41,639,000 reported in the current fall release. MRI's current figure pegs STV penetration at 4.6% versus 4.9% six months ago.

Fastest on the upswing is the *Arts and Entertainment Network*, showing a 67.5% increase in net weekly audience, with 2,261,000 weekly viewers; MRI's placed *A&E*'s viewership at 1,350,000 in its spring 1983 survey. The network also shows the highest median household income among the basic services for both adults (total) and men — $36,250 for adults; $35,712 for men. Female median household income is highest among *Satellite Program Network* women — at $36,944.

AVERAGE WEEKLY CUME FOR BASIC CABLE NETWORKS

CABLE NETWORKS	ADULTS (000)	ADULTS %	MEN (000)	MEN %	WOMEN (000)	WOMEN %	MEDIAN AGE ADULTS	MEDIAN AGE MEN	MEDIAN AGE WOMEN	MEDIAN H/D INCOME ADULTS	MEDIAN H/D INCOME MEN	MEDIAN H/D INCOME WOMEN
Arts & Entertainment Network	2,261	1.3	1,078	1.4	1,183	1.3	36.8	39.9	33.9	36,250	35,712	36,597
CNN (Cable News Network)	20,991	12.5	11,098	13.9	9,893	11.4	39.6	38.1	41.3	31,789	33,330	29,927
CNN (Headline News)	11,779	7.0	6,545	8.2	5,234	5.9	38.6	37.0	40.3	30,945	32,137	29,186
CBN Cable Network	8,679	5.2	4,160	5.2	4,519	5.1	39.3	37.0	41.3	27,500	29,009	25,860
ESPN (Ent. & Sports Pgm. Network)	23,668	14.1	15,523	19.5	8,145	9.2	36.4	36.0	37.0	31,972	32,744	29,958
FNN (Financial News Network)	1,554	.9	928	1.2	626	.7	44.9	44.0	47.2	32,556	34,020	30,617
Lifetime	1,953	1.2	916	1.1	1,037	1.2	39.3	40.8	38.5	24,813	26,696	24,041
MTV (Music Television)	13,519	8.0	6,480	8.1	7,039	8.0	28.4	27.2	29.6	33,110	35,452	30,777
The Nashville Network	6,482	3.9	3,099	3.9	3,383	3.8	45.0	45.6	44.3	27,638	30,283	24,616
Nickelodeon	5,236	3.1	2,112	2.6	3,124	3.5	34.0	34.2	33.9	31,970	31,552	32,723
SPN (Satellite Program Network)	2,077	1.2	1,169	1.5	908	1.0	38.7	38.8	38.6	33,049	30,305	36,944
USA Network	10,021	6.0	6,315	7.9	3,706	4.2	33.1	33.0	33.2	31,560	32,782	27,896
The Weather Channel	12,381	7.4	6,338	7.9	6,043	6.8	40.6	40.0	41.3	30,551	31,703	29,069
WGN-TV	12,742	7.6	7,123	8.9	5,619	6.4	35.8	35.3	36.3	30,566	31,197	29,684
WOR-TV	6,506	3.9	3,348	4.2	3,158	3.6	38.6	36.8	40.6	32,300	34,623	29,216
WTBS	22,683	13.5	13,082	16.4	9,601	10.9	36.3	36.0	36.7	29,927	31,172	28,166

Source: Mediamark Research Inc.

MRI FALL 1984 CABLE TABLE

	ADULTS (000)	ADULTS %	MEN (000)	MEN %	WOMEN (000)	WOMEN %	MEDIAN AGE ADULTS	MEDIAN AGE MEN	MEDIAN AGE WOMEN	MEDIAN H/D INCOME ADULTS	MEDIAN H/D INCOME MEN	MEDIAN H/D INCOME WOMEN
Total U.S. Population	168,026	100.0	79,803	100.0	88,223	100.0	40.5	39.4	41.6	27,024	28,792	25,251
Cable Subscribers	67,385	40.1	32,573	40.8	34,812	39.5	38.9	37.9	39.8	29,879	31,280	28,441
Pay TV Subscribers	41,639	24.8	20,495	25.7	21,144	24.0	35.2	34.8	35.8	33,184	33,831	32,450
STV Subscribers	7,767	4.6	3,865	4.8	3,902	4.4	34.8	33.7	36.0	36,774	37,758	35,920

Source: Mediamark Research Inc.

DIRECT MARKETING

Simmons charts direct marketing surge

Direct marketing accounts for 27% of total U.S. retail sales dollars, according to the first of an on-going series of reports from the Simmons Market Research Bureau. Sales of goods and services will soar to $171 billion before the year is over, and when business-to-business marketing is added in, the total comes to over $200 billion.

The new projected total based on the SMRB data is higher than the total projected by the Direct Marketing Association, on an assumed $150 billion total in 1983. The initial SMRB study figured July's sales ($12 billion) on the basis of a diary sampling procedure of 431 representative households. The sample will be expanded to 1,000 a month for the monitoring study in 1985. Formal reports will be issued for the January-March, April-September and October-December periods.

The initial SMRB study found that Monday is the hottest day of the week for direct marketers. A high of 25% of all orders were placed on that day. Thursday was the weakest day of the business week, with 11% of orders, followed by Saturday (10%) and Sunday (5%).

Apparel is the leading category, accounting for 18% of total orders, distantly followed by magazine subscriptions, with 7%. Automotive accessories trailed at the bottom of a list of seven categories, with 3% of purchases.

And they don't call it direct mail for nothing. Direct mail and catalogs were the best sales generating media, each accounting for 24% of volume, followed by telephone, circulars and magazine ads, each in the 6% range. So naturally, households receive a lot of direct mail sales pieces — on average, 18 a week.

The older half of the U.S. population gets the greatest attention from direct marketers, with most material aimed at those over 35 with household income over $35,000 annually. A breakout of purchasers on the basis of the VALS profiles (Values and Life Styles) shows achievers are the best customers, and emulators the least inclined to buy.

The telephone, often the most resented instrument for direct marketing, does get through to people. Fifty-one percent of respondents listen to the complete sales message. Only 7% hang up consistently.

Advertising medium percent of total orders

Direct mail (other than catalogs)	24.2
Catalogs	24.1
Telephone	6.8
Circulars	6.7
Magazine Ads	6.0
Newspaper Ads	5.8
Yellow Pages Ads	4.5
Take-ones	3.3
Tv	3.1
Bill Inserts	2.5

Source: SMRB

But despite their success, direct marketers are striving to improve their performance. Stan Rapp, chairman of Rapp & Collins, who presented the SMRB study results to the Direct Marketing Association Annual conference in Chicago last month, said that direct marketers are losing customers because of a variety of complaints. The most frequent complaint is the additional charge for postage and handling, which mitigates against the impression of lower prices. Consumers are also miffed at the flood of catalogs for similar merchandise after a purchase is made.

"We must do better," says Rapp, "or our gains will melt away."

Rapp also told the conference audience, "We are at the center of what is happening. The question is no longer whether or not a company will use direct marketing, but how well it will employ the discipline to meet its needs. Our new mission is to make certain that the new direct marketing is skillfully applied. If direct marketing is misused, as has happened on too many occasions, the result will be business failure and the loss of a company, or even an entire industry, to our field."

Liquor experiments with direct mail

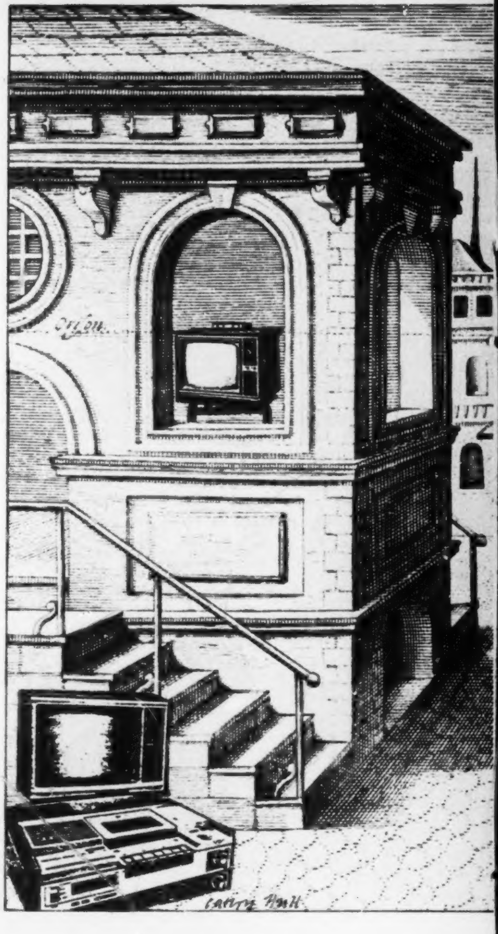
The liquor industry, traditionally associated with print, newspapers, magazines and outdoor, branches out into mail for the holiday season as J&B Scotch uses the December 2 issue of Blair's Network Mail® to deliver advertising to 24 million homes in 11 states. The Network Mail piece will encourage consumers to "give the Scotch more people prefer" while offering a $3 gift certificate on the purchase of J&B. The mailing will also list a grand prize number for $1 million sweepstakes.

The program is also supported by a series of retailer mailings highlighting the overall promotion and containing reprints or trade publications announcing the Network Mail campaign.

Jeff McElnea, president of Einson-Freeman, the sales promotion agency which developed the direct mail strategy, commented, "The decision to use Network Mail was based on the same reasons that apply to any other media decision. Network Mail made sense in terms of the cost effectiveness parameters applied to any media decision and it allowed us to be preemptive with its use in the industry. It's that simple. We have more J&B drinkers in that Scotch franchise that we're reaching with Network Mail, and we're getting the impact of home delivery."

Europe's high tech glamour

Grand schemes are envisioned for Europe. But its romantic notions of technology are playing havoc with economic realities.



High tech telecommunications are glamourously seductive to the European psyche. They bring to mind the drama of American entrepreneurism, a devil-may-care frontiersmanship, and on a more salient level, the promise of recovery from a draining economic malaise. But high tech visions are playing havoc with Europe's entrenched notions of government paternalism and cultural elitism, which each nation has for centuries nurtured.

The fate of tv distribution in Western Europe will reflect how each nation will reconcile its regulatory and cultural bias with its economic reality. As Michael Tyler, president of the telecommunications firm, Communications and Studies International, Inc., points out, "For Europe to realize its potential in tv distribution will require a maturation from technological and cultural emotionalism toward a more viable commercial reality."

Several trends are emerging which will have a direct bearing on the transformation of the European media landscape. First, a rapid relaxation of restrictive government policies will spur a diversification in tv distribution. Two basic approaches are settling into place: publicly-orchestrated policies integrated and carried out by PTTs (post, telephone and telegraph entities) and other public bodies; and private, competitive enterprises which will still involve some public-sector input. As governments face the extreme capital costs of building and upgrading telecom systems, private enterprise will find its role steadily increasing. "Although public policy regarding tv distribution will undoubtedly continue to be distinctly interventionist, the ownership of the means of tv delivery will become more diverse," predicts Tyler.

Secondly, there is an emergence of a new set of assumptions about tv policy. This involves the increased acceptance of the impact of DBS (direct broadcast satellite) and the recognition that signals cannot be stopped at the border. Further, the role of cable in the general upgrading of telecom facilities is justifying heavy expenditures in that medium. Complementing and complicating cable's growth is the increasing viability of alternate delivery systems such as small master antenna systems (SMATV); low power tv (LPTV); subscription tv (STV), optical fiber distribution; and microwave direct distribution (MDD); as well as the phenomenal increase in VCR penetration. Teletext, which is reaching meaningful penetration levels (three million teletext-equipped tv sets in use in the U.K. and the continent), and videotex services (in more than a dozen countries) are being aggressively marketed.

How Europe negotiates this smorgasbord of technologies within its traditional public policy and cultural framework will determine the future of its high tech aspirations. The various media are currently growing up together in Western Europe, each, in turn, reshaping the direction of its rival. By Phillips Publishing estimates, 30 million of the 124 million households in Western Europe are wired in the broadcast sense (all cable, SMATV, traditional broadcast). The telecommunications firm places 8% (10 million) of those wired homes as having cable hookup, that figure increasing at a rate of 10% annually. About seven million of cabled households are covered by systems of more than 5,000 subscribers, the largest single network being KTA Amsterdam. Penetration by cable varies by country — the most heavily wired being Belgium (85%); Netherlands (65%); and Norway (46%). Elsewhere, existing cable consists primarily of SMATV, installed in housing complexes. Access to centralized cable systems (CATV) is scarce, the largest marketplaces having the lowest penetration: centralized CATV access in England is 8%; France, 3%; 0.8%, West Germany.

The DBS plans of individual country's are still pending financing — France, West Germany, and the U.K.

Cathy Hull

opting for the costly, high power route which many analysts liken to the Concorde syndrome: high tech with questionable commercial viability.

The European Space Agency (ESA), an 11-country consortium, says it will be making use of space with its 1985 launch of F-1 and F-2 satellites for low power, point-to-point broadcast to cable headends and general telecom use. ESA's Olympus, formerly L-Sat, will be capable of direct-to-home broadcast throughout Europe by late 1986.

If political will alone could determine the success of an industry, cable would be a better gamble over DBS. Governments are pouring big bucks into cable as a means of upgrading their telephone systems with state-of-the-art technology. "Cable's success will be through PTT involvement in telephone upgrading," says Lon Levin, a telecommunications attorney with the D.C. law firm, Mintz, Levin, Ferris, Glovsky, and Popeo, P.C. "Video delivery through cable in Europe could fulfill cable's promise: high capacity, flexible, interactive systems."

In addition, many governments are pinning their hopes on cable as a means to defer what DBS threatens: the loss of government control by the invasion of foreign broadcast signals. This fear of video imperialism is most notable in France, which perceives cable as "a means to protect its territories from the onslaught of foreign DBS signals," claims Thierry Vedel, a telecom analyst with the Foundation Nationales Des Sciences Politique, in Paris.

The fate of tv distribution will reflect how cultural bias are reconciled.

However, the practicality of DBS for European topography is indisputable, as are its benefits to high priority aerospace industries which wield considerable power in France, West Germany, and the U.K.

Here's a snapshot of this highly fluid situation in countries where there are the most significant developments.

France

Fifty million French tv viewers are subject to the limited fare of its state-run channels, TF-1 and A-2, which air five to six hours a day. When, in an effort to encourage commercial participation, control of FR-3, the regional program station, was given to Havas, the state-owned ad agency, the French advertising community was in uproar. All three channels accept a maximum of 18 minutes of ads a day, which are aired in early evening blocks. Such pervasive government involvement — which has on occasion provoked strikes — also produces an environment that is not conducive to cultivating a satisfied audience. Indeed, two much maligned foreign stations, Radio TeleLuxembourg and TeleMonte-Carlo, have built loyal French audiences by exploiting French tv's shortcomings. Canal Plus, a fourth French network, will be a form of subscription tv, deriving its revenues from subscriber fees and programing charges. VCR penetration at 9.7% in 1983, could reach 22% in 1985, prompted by demands from a program-hungry French population.

Vis-à-vis DBS, the Luxembourg-based public corporation, Compagnie Luxembourgeoise de Telediffusion (CLT/RTL) inked a deal in late October to lease two channels on France's high power, four channel TDF-1, now set for a mid-1986 launch. The Franco-Lux venture marks the first time in European history that two nations have joined forces for a common tv operation. The deal's major stipulation will throw a wrench into the works of potential competitors in ad-supported satellite programing: terms bind both nations to a five-year moratorium on any ad-supported satellite tv programing competing in CLT's markets.

This restriction significantly impacts Coronet, the private satellite venture which was also granted Luxembourg government authority to incorporate and finance. Coronet, financed by both European and U.S. interests and steered by Clay "Tom" Whitehead, a former Hughes Communications executive, intended to launch two 16-transponder, medium power satellites carrying ad-supported and pay tv services. Now with its hands tied in the ad-supported area, Coronet must prove

MARKET PROJECTIONS FOR CABLE TV AND DBS IN WESTERN EUROPE*

Country	TV hh (millions)	Basic Cable Penetration (% of TV hh)	Basic Cable Revenues ($ millions)	DBS (spillover and L-Sat) as % TV hh
AUSTRIA				
1982	2.860	3%	9.609	—**
1987	2.909	18%	63.015	3%
1990	2.951	52%	184.854	5%
1995	3.009	67%	243.571	15%
BELGIUM				
1982	3.171	78%	297.606	—**
1987	3.231	80%	306.120	3%
1990	3.278	84%	310.080	5%
1995	3.334	89%	313.920	5%
FRANCE				
1982	17.952	2%	57.600	—**
1987	18.495	5%	177.205	4%
1990	18.958	24%	550.958	15%
1995	19.517	61%	1444.809	25%
W. GERMANY				
1982	24.599	14%	416.470	—**
1987	25.081	26%	844.481	5%
1990	25.463	59%	1517.605	15%
1995	25.923	78%	2144.706	20%
ITALY				
1982	17.660	0%	0	—**
1987	18.164	7%	149.966	5%
1990	18.574	17%	389.170	15%
1995	19.111	21%	487.109	20%
NETHERLANDS				
1982	4.387	49%	260.764	—**
1987	4.630	65%	358.440	5%
1990	4.771	70%	399.360	10%
1995	3.334	84%	430.440	10%
SWITZERLAND				
1982	2.045	43%	105.000	—**
1987	2.120	47%	120.360	—
1990	2.180	50%	132.600	—
1995	2.259	52%	141.000	—
UK				
1982	20.332	.8%	159.103	—
1987	20.885	14%	371.047	4%
1990	21.313	31%	667.864	10%
1995	21.999	67%	1214.494	18%

* Chart compiled by M&M Decisions based on Communications Studies and Planning International, Inc. high-end estimates.

** negligible for 1982

to the Luxembourg authorities that it can be financially viable without ad-supported programing. Although conventional pay tv options are still open to Coronet, the venture is now negotiating with Luxembourg to transmit programing via land lines to cable headends in France, this a means of establishing a presence in that country.

But high power ventures may have questionable economic viability. "What we may have in France is a case of the Concorde syndrome," claims CSPI's Tyler. "That is, impressive technology built by government which advances the art but doesn't have commercial relevance."

Despite some costly finger-dipping into the satellite dishes, anxiety over the implications of DBS prevails in France. "There's a lot of maneuvering and puffing about DBS, but what is critical to France is cultural tyranny," observes attorney Levin. "DBS is seen as a threat to the nation's particular cultural identity." France is hoping that cable tv will diffuse some of DBS's impact. Notes French analyst Vedel, "The French government hopes to take advantage of the several years remaining before DBS installation in order to accelerate cable and persuade the French people not to acquire equipment for DBS reception."

In 1982, the PTT's "star-switched" fiber optics cable plan called for the wiring of 1.4 million homes by 1985, aiming at a 50% penetration by 1990, and an outlay of $6.6 billion. Recently, however, the pace and price of the French cable vision has downshifted: 320,000 homes are to be cabled by 1985 (at a cost of $156 million); 1.5 million homes by 1987; and 6 million by decade-end, for a total cost of $5.4 billion. The reason behind this paring down is economic reality. "There's a tendency in France toward grandiose high tech projects versus economic realism," observes Tyler, who also cites government forces as determining for which technology will prevail: the Socialist's high tech goal or the traditional coaxial cable path advocated by private enterprise, proponents of decentralization. Currently 450,000 cable subs are serviced by over 300,000 small, low capacity systems.

The PTT has recently ordered 900,000 additional videotex Minitel terminals for the Electronic Directory which will expand geographically based on an eight-year program calling for three million terminals to be in place by 1986; 15,000-20,000 terminals are being installed monthly. Telediffusion de France, which operates the Antiope electronic text delivery, projects an installed base of 100,000 teletext decoders in 1985, and 1.2 million decoders in 1987.

Continued on page 84

Are our print media going global?

Only certain types of American publications seek readers and advertisers overseas. Some are extensions of the domestic editions; others license foreign publishers to adapt and translate. *Decisions* searches out the availabilities for American advertisers.

This is a summary of the overseas editions American publishers are producing, but it's an incomplete picture of American global advertising. American advertisers spend much of their overseas funds in native foreign publications, and many pages of our own international editions are filled with "local" foreign advertisers.

In the case of mass packaged goods, the print media fare better abroad than in the States. Television advertising isn't available in most Scandinavian countries; in other lands the number, length and content of commercials is restricted.

In Denmark, Colgate is *Reader's Digest*'s biggest liaison.

Gary Pranzo, Young & Rubicam's domestic-foreign media liaison, ventures that: "Outside of the western hemisphere and perhaps Japan, we still have a print-oriented society."

Only a few of America's mass magazines are spreading their wings worldwide. *Reader's Digest* is deeply involved, with 41 editions in 17 languages. *Good Housekeeping* licenses foreign publishers to use its name and editorial content in Japan, Australia, Latin America and Great Britain.

But magazines are essentially a selective medium, and it's these targeted books that make up the bulk of our overseas publications. Their upscale advertisers who use these are aiming at two distinct markets:

(1) The high-living, "international set" consumer.

(2) The VIPs in international business, government, professions.

The first group divides into two areas: the home and the person. It's not the "shelter" magazines, but those that extend editorially to châteaux and Riviera homes that go overseas. *Architectural Digest* has licenses in Italy and Japan, and is planning a Dutch edition. *House & Garden*, recently stepped up to the mansion level, has a British edition and a French *Maison & Jardin*. A *Better Homes and Gardens* spokesman says: "Our type of home may interest Canada, Australia. The rest aren't for us."

Rome Reports, which checks international advertisers (see box) doesn't include these luxury magazines, but their publishers estimate that their leading ad classifications are travel, deco-

TOP FIVE ADVERTISING CATEGORIES IN AMERICAN INTERNATIONAL EDITIONS
(Rome Reports, 1983. Canada not included)

Time	Newsweek	Reader's Digest	Wall St. Jrnl.*	Nat'l. Geog.	Fortune	Business Week	Scientific Amer.
		Total International Advertising Revenue (1983)					
$82,676,563	$42,300,000	$66,000,000	$10,362,433	$4,911,135	n.a.	$13,638,283	$2,2[illegible],913
Airlines	Airlines	Pass. Cars	Banks	Photog. Material	Airlines	Banks	Comm/Electronics
Cigarettes	Cigarettes	Food Prods.	Financial Serv.	Watches	Computers	Computers	Pass. Cars
Pass. Cars	Pass. Cars	Drugs/Pharm.	New Issues	Airlines	Comm/Electronics	Airlines	Computers
Liquor	Computers	Financial Serv.	Business Services	Pass. Cars	Banks	Comm/Electronics	Aircraft
Banks	Banks	Liquor	Computers	Liquor	Pass. Cars	Business Serv.	Business Serv.

** Data for Asian WSJ and European WSJ combined by M & M Decisions* ration, cosmetics and passenger cars.

Magazines like *Vogue* and *Harper's Bazaar* follow beautiful women around the world. Europe finds *Vogue* in English, French, Italian. *Harper's Bazaar* adds Germany and Latin America. Fashion, cosmetics, travel are the expected advertising leaders. The unexpected in *Vogue* is retail. Not foreign retailers; not even mail order ads from faraway stores. Tiffany, Bloomingdale's, Saks Fifth Avenue and Fortunoff, are out there just to put their names on the tip of the fashionable

Continued on page 136

AROUND THE GLOBE WITH AMERICAN PRINT MEDIA

	Europe	Middle East	Asia	Mexico & Central America	South America	West Indies	Africa	South Pacific
Architectural Digest (Native language)	Italy-50,000 (Dutch & West German planned)		Japan-50,000					
Business Week Int'l (English)	35,971 ABC (25 issues)	4,732 ABC	18,190 ABC (13 issues)	5,316 ABC (7 issues)	10,725 ABC (7 issues)	1,484 ABC (7 issues)	1,966 ABC	2,686 ABC
Cosmopolitan (Native Language)	1,504,509 (Six languages)		Japan 238,000 (Hong Kong planned)	←	300,000 Seven Editions	→		185,000 (Australia)
Fortune International (English)	48,167 ABC	3,547 ABC	26,890 ABC	2,663 ABC	4,120 ABC	384 ABC	3,153 ABC	2,790 ABC
Harper's Bazaar (Native language)	175,000 German, French, Italian			n.a.	n.a.	n.a.		40,000 (Australia)
House & Garden	Britain-124,537 ABC French-100,303 OJD "Special-90,000							
National Geographic Overseas copies of domestic edition	660,000 ABC		394,000 (Pacific)	←	92,000 Latin America	→		
Newsweek International (English)	227,623 ABC	36,870 ABC	235,267 ABC	16,693 ABC	23,001 ABC	12,427 ABC	48,746 ABC	54,493 ABC
Penthouse (Licensed foreign Editions)	380,000 German 100,000 British			←	80,000 Latin America	→		105,000
Playboy (Nine foreign licenses)	160,463	1,686	20,328	←	6,347	→		
Reader's Digest	7,150,000 ABC in 16 native tongues	55,000 ABC Arabic	1,481,000 ABC 5 native tongues	←	1,155,000 ABC Latin America	→	400,000 ABC	700,000 ABC
Science Digest	245,000 in 4 languages							
Scientific American	English-65,000BPA Italian-90,918 ADS French-47,921 OJD German-100,000 IVW	1,331 BPA English	7,798 English 36,848 Japanese ABC	2,282 English ←	4,948 English 37,939 Spanish OJD	606 English →	2,874 English	15,504 English
Time International	431,657 ABC	40,228 ABC	253,011 ABC	27,118 ABC	61,170 ABC	19,078 ABC	62,410 ABC	139,714 ABC
Vogue	British-165,895 ABC French-142,750 OJD Italian-161,704 ADS German-Started July, 1984							
Wall Street Journal	25,411 ABC (European WSJ)		27,727 ABC (Asian WSJ)					

West Germany

Control over broadcasting in West Germany is divided between the federal government and states ("landers") — a schism that's created powerful vested interests and complex regulatory problems. "There does, however, appear to be a gradual evolution toward decentralization, which hinges on unforseeable political issues," claims CSPI's Tyler. Meanwhile, the current intra-national fray is being aggravated by foreign spillover.

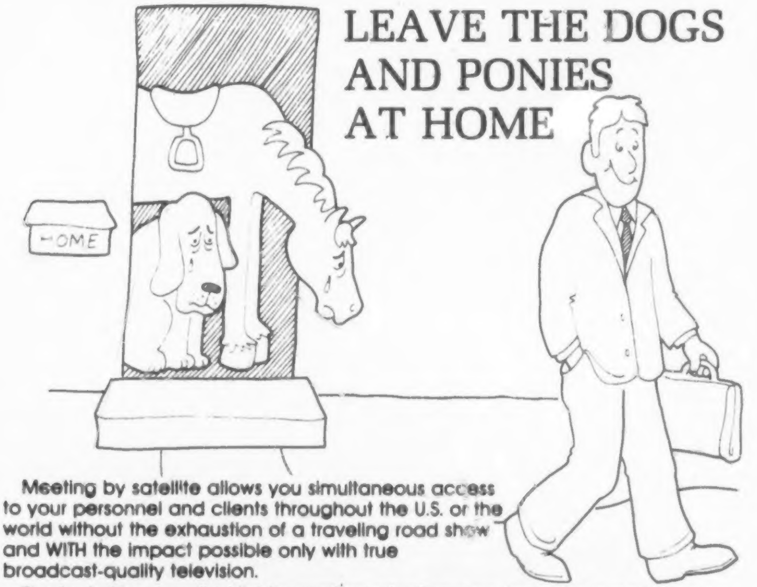
Germany's three state-run stations, serving 24 million tv households, have been up in arms since January when RadioTeleLuxembourg created a station specifically for the West German market. ARD and ZDF, the two national stations which earn 20%-50% of their revenue from ads (20 minutes a day aired during a two-hour, early evening time slot), are accusing RTL of violating West German programing and ad laws; no resolution is in sight.

VCR penetration, at 9.9% in 1982, 18.5% in 1983, is expected to soar to 30% next year and top 50% by 1986. In Berlin, penetration is now at 20%.

The pro-private enterprise Kohl administration perceives cable and DBS as part of a national economic recovery program and expects to invest $40 billion over the next ten years in cable-related communications. Currently, 40% of German households subscribe to SMATV serviced by some 300,000 regional cable systems; less than 10% of cabled homes are linked to a national network. Aiming for a 50% penetration of a national cable network by 1990, Germany's Bundesposte, the national PTT, has already committed $367 million in postal and telephone revenues to nationwide cable projects. Hans Hege, a communications official for West Berlin, claims the Bundesposte will have cabled 60% of that city's 1.1 million households by year-end, connecting 220,000 homes.

Germany's thrust, however, is toward diversity — this in part a recognition that "you can't stop signals at the border," claims Phillips' DBS analyst, Tim Race, adding, "it becomes superfluous, therefore, to maintain an iron glove." Hege acknowledges the emphasis placed on "the development of technologies which can be received individually, in particular DBS." Indeed, some planners with the Bundesposte expect DBS to surpass cable penetration when the French TDF-1 (with one German language channel) and the three channel German-financed TV-Sat, launch perhaps in late 1986. Germany is an active participant in the ESA's program, having turned over its channel on F-1 to PKS, a cable and satellite program syndicate comprised of German publishing groups.

Bildschirmtext, the videotex service operated by the Bundesposte, concluded its one year trial in Berlin and Dusseldorf last August but is continuing to offer its three main functions — information retrieval, messaging, and external computer links — to subscribers, with a test of a 'gateway' underway with Great Britain and the Netherlands. By 1985, 25% of all German tv sets will be teletext decoder-



LEAVE THE DOGS AND PONIES AT HOME

Meeting by satellite allows you simultaneous access to your personnel and clients throughout the U.S. or the world without the exhaustion of a traveling road show and WITH the impact possible only with true broadcast-quality television.

The technique is called "videoconferencing" and we have the experience to professionally manage the entire process for you. Our services include:

- Helping you prepare your message for the television medium
- Training your people to be at ease with their television appearances
- Guiding you through the television production process
- Delivering your program to a satellite
- Choosing the satellite technology best suited to your needs
- Receiving your program at a nationwide or worldwide network especially designed to meet your needs whether that network consists of your own offices, hotels, convention centers, hospitals or a combination thereof
- Arranging for the audio/visual equipment to best suit your meeting requirements
- Arranging for on-site satellite and A/V technicians to assure quality reception
- Advising you in the best method of handling live questions from your receive sites and arranging for direct phone lines for audio interaction
- Handling special requirements at your receive sites such as display of pre-shipped samples or literature
- Arranging for food and beverage services or sleeping rooms at your receive locations
- Preparing site facilitator guides to help your event flow as smoothly as possible
- Preparing and analyzing critiques of your event
- And more...each videoconference is customized for you the client
- **AND STILL MORE...WE NOW OFFER A TRAINING PROGRAM FOR EXECUTIVES WHO MUST APPEAR ON TELEVISION. IT'S CALLED "CEO ON CAMERA." CALL FOR DETAILS.**

CINCINNATI · UPLINK
COLUMBIA PLAZA · 15TH FLOOR
CINCINNATI, OHIO 45202
513 · 762 · 7630

equipped: 30% of tv households.

Italy

When private broadcast was legalized in 1977, over 3,000 independents went on the air that same year, taking pot shots at RAI, formerly the state tv monopoly. That flurry of activity has since quieted down to 400 independent stations (reaping $200 million in ad revenue a year) serving the nation's 16.3 million tv households. With Italy's population at 53 million, this gives the country the highest per capita density of tv stations in the world. As a means to bypass RAI's sole technical right to national broadcasting, the independents distribute program cassettes to affiliate stations for simultaneous airing — a business which itself generates $4 million a year in ad revenue.

> **"European visions require a maturation toward commercial reality."**
>
> MICHAEL TYLER,
> president,
> Communications and Studies International, Inc.

Tv ad spending has increased by 40% over the last two years. RAI's two national channels accept 33 minutes of ads apiece, scattered throughout the day in five minute blocks. Independents limit themselves to an hourly advertising average of 14% but that figure can sometimes go as high as 30% during prime time. RAI expects to take in about $300 million in ad revenue this year; independents, $600 million.

With the conversion of many unprofitable private ad-supported stations to STV, the subscription route could be significant, as will be SMATV, considering the laxity of radio spectrum regulation and the large number of multi-unit dwellings in Italy. However, the outlook for cable, stalled for many years by regulatory problems, looks glum. CSPI estimates there are about 150,000 residual cable subscribers in Italy, but a recent Reuter's release notes that many of those wires are used as laundry lines.

The bright spot in Italy's telecom future could be DBS. The country recently optioned an Olympus transponder and gave RAI exclusive DBS programing rights. Italsat, an Italian-made satellite considered for a 1987 launch, is a second DBS possibility, to which RAI again would have exclusive programing rights.

Italy's two-year Videotel videotex service completed its trial run in November, claiming 4,000 users. The project was managed by SIP, the Italian phone company, which plans a nationwide system using the Prestel format.

United Kingdom

Britain's 20.3 million tv households are, by European standards, reveling in video heaven. Public broadcast stations BBC-1 and BBC-2 are reputed purveyors of quality programing. In the commercial sector, there's Independent Broadcast Authority providing popular ITV; Channel 4 debuted in 1982; and the one-year-old TV-AM, a mornings-only channel, was joined last year by breakfast tv on BBC-1. The three IBA stations air an average nine minutes of advertising an hour. Yet despite this array of "quality" fare, Britains are watching less tv and spending more time and money on VCR's. Penetration by VCR's is at a world high of 30% in the U.K. That rate is expected to reach 40% by 1985, and top 70% by 1990.

The VCR boom poses formidable and solidly entrenched competition for other forms of tv distribution, grappling for a bare bones existence. Currently, 2.3 million subscribers are connected to antiquated cable relay systems garnering no more than $70 million a year in revenue. The Thatcher administration claims that a 50% cable penetration (10 million homes) is attainable by 1990, but analysts are skeptical of even a 20% goal by that year. "The question is whether the U.K. economy can support cable tv," says Michael Tyler. "The stock market is in considerable doubt, in view of the fact that the public offering of a regional cable system recently bombed. The regulatory gates have been opened but the horses are apparently reluctant to run."

In late October, Britain's two leading cable companies, Visionshire and Rediffusion, bailed out of the business, citing adverse tax decisions and heavy long-term cash carry. Visionshire pulled out of wide band cable entirely, and Rediffusion will sell its interest to Robert Maxwell, the newspaper owner, for $13 million. Maxwell and the remaining companies with cable investment, including Thorn EMI and the now-private British Telecom, will battle it out during National Cable Authority franchising processes.

The pro-competition trend in cable has not transgressed over to DBS. Unisat, a joint venture of British Telecom, British Aerospace, and GEC Marconi, has been granted sole DBS launch authority by the Home Office, and a recently-formed consortium of DBS programers has been 'encouraged' to discuss DBS with Unisat alone. But now vying for that program consortium's favors and a shot at a potential five million DBS subscriber base is Bristat, a private firm, which proposes two satellites, each with five channels switchable between the U.K. and Ireland, and claims adequate cash backing ($300 million) to pull off a 1987 launch. Unisat's original plan was to launch a Eurostar-type satellite produced by Satcom International, a joint venture of British Aerospace and Matra of France. But when the BBC declared itself unable to finance the $500 million DBS portion (two channels) of the multifunctional satellite, Unisat plans were put on hold. Race predicts that whichever satellite system gets the program consortium's business will operate as the common carrier.

> **"Cable video delivery in Europe could fulfill the original promise of cable."**
>
> LON LEVIN,
> attorney,
> Mintz, Levin, Ferris,
> Glovksy, and Popeo, P.C.

Continued on next page

The U.K.'s Prestel videotex system now claims 36,213 registrations and is growing at a rate of 1,500 new subs a month. Teletext is now available to 1.36 million British homes (representing a potential audience of 4.75 million). Set purchases average 800,000 units each year to access two services: Oracle Teletext Ltd, operated by ITV, and Ceefax, the BBC service. Last year, Ceefax initiated broadcast tv's first telesoftware transmission — computer programs broadcast through Ceefax and received by home computers; nearly two million British homes currently have home computers.

Japan

Japan is gearing up for a dynamic overhaul of its now dispersed cable industry. Cable currently reaches 3.3 million subscribers (10% of Japan's tv households), via 31,000 systems servicing less than 500 subs each. Fueling this change are major national and joint U.S.-backed ventures scripting consolidated, high tech offerings.

In June, a four-year plan submitted by the Nipon TV Network Corporation and Yomirri Shinbun newspapers won government approval to build a 54-channel cable network serving 157,000 Tokyo households. The total cost of cabling Tokyo was estimated by Japan's Ministry of Post and Telecommunications to be approximately $721 million.

American Television and Communication Corporation (ATC) recently joined forces with the Sieber Group of Retail Companies, a major Japanese supermarket and retail chain, to form Saison CATV. Saison will develop cable equipment and systems, and provide financing for new cable companies. Viacom International has acquired a 4% interest in International Cable Network (ICN), a Tokyo cable operator which plans to service 50,000 Tokyo households.

Hi-OVIS, a two way CATV experiment, has been underway since July 1978 in the city of Higashi-Ikoma. A commercial interactive rollout of two-way cable is planned by Uny, a major Japanese supermarket chain, and Chunichi Shimbun, a newspaper company, in Aichi Perfective in 1985.

The various media are growing up together in Europe, each reshaping the direction of its rivals.

DBS has proved a major embarassment for Japan, which boasted the area's first commercial DBS satellite launch last January. Two of BS-2A's three channels failed almost immediately while the third functions only sporadically.

Japan's videotex experiment, Captain, in test phase in 2,000 sites since 1981, intends to roll out commercially by January. Pending government regulations, NTT, the Japan communications authority, may become quasi-private and operate as does British Telecom, thus permitting the entry of other companies into videotex. Sony and Japan Cable TV are in the throes of developing a cable-based videotex service. In the teletext sphere, NKH Japan Broadcasting Corporation has launched a service in Tokyo and Osaka.

Judith Reitman

Capper's Weekly/Grit Fill in Where Other Media Thin Out

Capper's Weekly and Grit subscribers spent more than $148 *million* in mail and phone purchases in a 12-month period. Your message may not be reaching these responsive buyers in rural and small-town America.

☑ 62% of our subscribers ordered clothing by mail compared to the national average of 12%.

☑ 15% purchased insurance by mail compared to 1% for the national average.

☑ Nearly 30% ordered gardening supplies compared to only 4% for the national average.

Reach Hometown America when it shops. Call us today.

[illegible]

CAPPER'S WEEKLY & GRIT
America's Family Publications

[illegible]

Brand Report 105:
Cigarettes

The next trend still eludes marketers

After two hyperactive years, cigarette marketers are reassessing the market. Generics may have peaked — but have they opened the market for a premium price smoke?

"The market isn't substantially different from what it was two years ago — but the question is, what direction is it moving in?"

Martin Orlowsky, the senior vice president of brand development at R.J. Reynolds, voices the anxiety that has cigarette marketers pacing corporate corridors in New York, North Carolina and Kentucky. Next year, they hope, will be less problem-ridden than the last few, and be one that will illuminate the direction consumers want the industry to take.

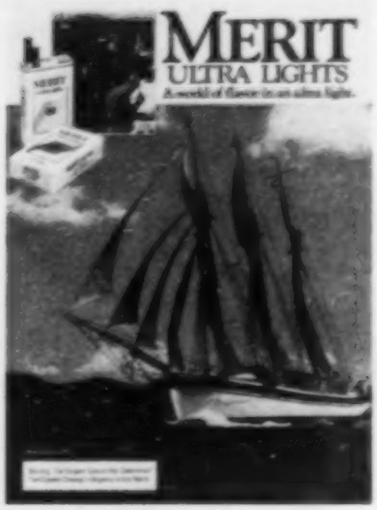
For the past two years, the $23-billion industry (at retail) has been buffeted by confusing changes. Congress is trying to stiffen the health warning printed on each pack, while numerous communities pass local anti-smoking measures. Smokers' interest in low-tar smokes has plateaued, as has their enthusiasm for classy cigarettes. Since most of the new product introductions in the past few years have been in these areas, producers are wondering what segments they should next mine.

But the industry's biggest headache resulted from the effect price increases had on sales. The doubling of the Federal excise tax on January 1, 1983, and the similar rise in levies mandated by many state legislatures, pushed the price of a pack past $1 in many major markets. The precipitous decline in sales that resulted was a nasty shock to the cigarette industry, which had always considered its products ego-sen-

Advertising expenditures, 1983 (000)

Company/brand	Total	Magazines	Supps	Outdoor	Newspapers
Philip Morris					
Benson & Hedges	$41,132.0	$23,207.8	$4,207.4	$ 5,589.8	$ 8,127.0
Malboro	70,421.1	38,991.1	3,153.8	17,214.6	11,061.6
Merit	41,162.4	22,618.1	6,376.9	2,881.4	9,286.0
Players	63,448.4	25,547.2	2,563.3	11,393.2	23,944.7
Virginia Slims	31,897.8	21,029.4	2,140.5	4,487.2	4,240.7
R.J. Reynolds					
Bright	62,276.3	23,976.4	5,318.8	11,000.8	21,190.3
Camel	39,652.9	12,983.7	—	12,847.1	13,822.1
Century	27,658.7	4,847.8	3,448.5	4,890.6	14,471.8
More	41,393.8	16,885.4	4,849.2	6,123.7	13,535.5
Now	26,115.3	16,890.5	809.4	—	8,415.4
Salem	44,284.6	21,083.9	2,083.5	11,386.7	9,730.5
Vantage	42,418.5	23,979.9	2,549.6	4,935.9	10,953.1
Winston	48,961.5	19,769.2	4,169.3	12,915.0	12,108.0
Brown & Williamson					
Barclay	34,883.8	13,852.8	5,767.1	3,543.9	11,720.0
Kool	44,279.8	15,881.6	6,527.0	10,840.5	11,030.7
Viceroy	11,209.2	4,249.5	3,262.3	2,087.2	1,610.2
Lorillard					
Kent	27,750.3	13,893.2	529.4	4,820.7	8,507.0
Newport	15,638.5	5,323.8	—	9,846.1	468.6
Satin	31,291.5	9,596.0	751.9	12,107.1	8,836.5
True	18,327.1	12,227.3	188.0	2,023.4	3,838.4
American Tobacco					
Carlton	20,732.4	12,576.5	—	7,191.8	964.1
Lucky Strike	15,077.1	8,412.1	—	4,457.3	2,207.7
Pall Mall	7,692.1	6,975.4	—	716.7	—
Liggett Group					
Eve	6,971.6	6,147.2	—	824.4	—

Source: Leading National Advertisers, Media Records



Outdoor ads match image

sitive and inured to price resistance.

Even worse in producers' eyes was that the price hikes caused more sales to curl in the direction of generics, or discounted smokes, a category pioneered by Liggett & Myers. This trend was greeted glumly by bottom-line conscious manufacturers. Ordinarily, a 1% share of market — generally regarded as a respectable showing for a brand — translates into sales of about $230 million, operating income often in the range of $42 million and profit margins of over 30%. But a 1% share at generic price levels is worth $184 million in revenues, and the profit margin is less than 10%.

Nevertheless, when the category began to take off, some producers decided to join in. Both R.J. Reynolds and Brown & Williamson are now fielding entries in the segment. RJR, for instance, has recast its Doral brand as a discount smoke. This flurry of activity, plus a recovering economy, has helped to steady industry sales. Consumption, which had fallen 5% in 1983, braked to an estimated .5% to 1% decline in 1984.

However, the low-priced segment's growth is now showing signs of shrinkage. Total share for the category, including both generics and discounted brands, has slipped to 4.8%, after peaking at 5.6% this past summer. Within the segment, Liggett's generics have been hardest hit: after zooming from obscurity to about 5% in three years' time, the company's share is currently hovering at 3.8%, according to Goldman Sachs analyst Jeffrey M. Weingarten.

The muddled market makes new brand introductions riskier than ever — there is no clear trend or segment grabbing marketers' imagination. The frenetic pace of new introductions during the past two years has helped boost industry marketing outlays well past the $1 billion mark, but has done little to illuminate consumer preferences. There are no shining stars in this youngest generation of branded smokes. The upscale positioning behind Lorillard's Satin (1983), Philip Morris' Players (1983), and RJR's Sterling (1984), among others, is already wearing thin — as their market shares pointedly show. Meanwhile, Brown & Williamson is testing the waters for a premium-priced brand. The company is selling its St. James Court in two West Coast test cities at different prices: In one, the brand costs $1.00, and in the other, about $1.20. But industry observers are skeptical of the segment's potential.

All in all, 1985 is likely to be a quieter year, a period of reassessment, if not retrenchment. "We're seeing a return to the norm," explains Smith Barney's analyst, Peter Enderlin. "Next year will see a settling down of the more competitive aspects in terms of battles for market share. The companies are content to live with what they've got." Nowhere is this settling down more evident than in marketing expenditures — the weather vane of activity in this stagnating, and currently disorderly industry. Predictably, since 1983 saw a burst of new products, newspaper advertising continued at the strong level of spending in 1982. But this year, says a source at the Newspaper Advertising Bureau, cigarette company investment has dropped at least 30% — possibly even 50%. And newspapers aren't the only medium to feel the pinch: First half figures from Leading National Advertisers indicate sharply curtailed expenditures, clipped mainly from newer, disappointing brands than from established ones. The only company that doesn't seem to have sliced its budget dramatically is RJR, which is seemingly determined to push ahead with two new ventures (Century, a 25-pack at standard prices, and the upscale Sterling), as well as to boost two older brands (Vantage and Camel).

Profits margins for generic cigarettes are about 10%, compared with over 30% for branded smokes.

BENSON & HEDGES
Deluxe 100 Sweepstakes
Your Invitation to America's Favorite Sweepstakes

Clinging to upscale position

Yet the cigarette companies insist that only introductory budgets have been trimmed. Where then, is the money going? Some industry analysts point to promotions as a possibility. The net result of this cutback, though, has been a less innovative use of media. Already limited in their selection, the marketers have opted, overall, against experimentation, preferring to go by the numbers. One company executive explains that, in a period of declining consumption, the most efficient strategy is to simply follow the masses. Perhaps another reason is the disappointing result of a more targeted approach — such as the upscale magazines used by such brands as Sterling and Benson & Hedges Deluxe.

Philip Morris

The leading cigarette manufacturer seems unstoppable. By mid-1984, Philip Morris had widened its lead over runner-up R.J. Reynolds by another share point, for a total share of 34.5%. (Market share numbers are estimates by John C. Maxwell Jr., managing director of Laidlaw Ansbacher.) Though sales were only up modestly (.75%), profits in the U.S. Tobacco division continue to grow at a 20% to 25% rate. The division, which accounts for 68% of total profits according to Salomon Brothers analyst Diana Temple, benefited from several factors: Philip Morris topped the mandated price hike with a little boost of its own. But the company's continued dominance in the market is the result of one factor alone: money. Philip Morris backed each brand with an average $52.7 million last year, compared with RJR's $43.7 million.

More importantly, in a year of changing tastes, is its strong franchise among 18- to 24-year-olds, where the company has a 56% share, and among 25- to 34-year-olds, where it has a 41% share. These younger segments are currently returning to full-flavor brands after sampling low-tar and ultra-light cigarettes. Observers attribute the shift to a desire for more flavor "satisfaction" than lighter brands give, compounded in the past year with a sense of 'value for the money.' Whatever the reason, the clear winner is number one brand, Marlboro, whose 21.1% share in the first half is up from 19.1% in 1983. Philip Morris backed its invitation to "Come to Marlboro Country" with $70.4 million in 1983, by far the largest expenditure behind a single brand. Slightly over half the budget ($38.9 million) went into magazines. Though the brand's spending has been toned down somewhat this year, magazines will get the bulk ($19.4 million) and the broad spectrum from women's fashion to men's magazines has not narrowed. But newspaper supplements, outdoor and newspapers haven't been as fortunate. The well-known cowboy still shows no signs of age: The sprightly brand has been increasing share almost without interruption for the past five years.

Philip Morris' next largest brand, Benson & Hedges, is maintaining its 4.8% share this year. The line was backed with $41.1 million in 1983; 1984 expenditures so far show little change in magazines ($11.7 million in the first half), supplements ($2.5 million), or outdoor ($2 million). But the spending behind the brand has shifted from the original 100's (once "America's favorite cigarette break"), to the newer members of the line-up. Hoping to capitalize on the now-floundering upscale trend, the company put its weight behind the "Deluxe 100" lights and ultra-lights. The familiar promotion, Benson & Hedges' 100 Sweepstakes, now covers these two lines — with appropriately deluxe prizes.

It's a whole new world.
CAMEL
LIGHTS
LOW TAR
CAMEL TASTE
Today's Camel Lights, unexpectedly mild.
Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health.

Camel gets a boost in spending: "The smoker is stabilizing brand choices," says marketer Orlowsky.

Merit, which slipped again slightly, to 4.1%, is getting a boost from a new box package — a move marketers are favoring this year, instead of flashy new brands. Last year's $41 million investment is shifting into new media this year: Spending is backing an outdoor campaign, instead of print, a good fit for the brand's rugged image. Two other major brands didn't fare as well: Virginia Slims and Players saw their budgets tumble this year. Players, introduced with almost $64 million worth of hoopla last year, got less than $10 million of support in the first half of the year. The cutback comes at a time when the brand is having trouble maintaining the momentum of its introduction — could Philip Morris' unusual reluctance to spend signal imminent change for the troubled brand? Analysts speculate that the upscale image of "Players Go Places" wasn't enough to sustain interest in a brand whose taste didn't live up to the promise. In the first year out, Players scored a 1.2% share. Now, the brand is languishing with about .5%.

The company's next step is food for speculation. Jeffrey Weingarten, analyst at Goldman Sachs, noting several key executive changes — including the CEO, the president of the U.S. Tobacco division and the senior vice president and director of marketing, John T. Landry — says it's a new ball game at Philip Morris. "Before," he points out, "you knew what to expect from Philip Morris — the executives might change chairs, but it was always the same people. That's not the case anymore." Company executives declined to be interviewed for this article.

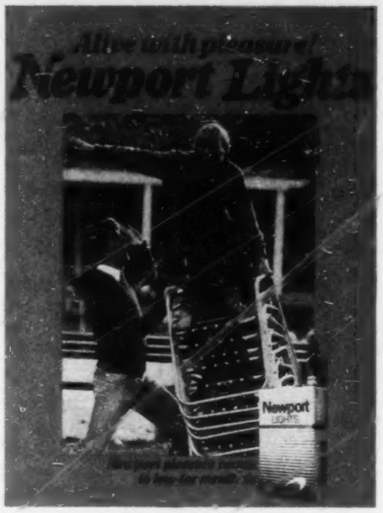
R.J. Reynolds

The company has been pursuing an aggressive policy of building the core consumer business, coincident with the $1.7 billion sale of its Aminoil subsidiary. RJR is expected to put its resources into a series of small acquisitions such as the $57 million purchase of Sunkist soft drinks. The U.S. tobacco division continues to contribute 40% to revenues, and 69% to operating income.

On the other hand, the division's market share numbers are less positive: RJR lost the number one title to Philip Morris in 1982, and saw its share slip again this year, to 32.4%. Noting that the company is focusing in areas other than cigarettes, Smith Barney's Peter Enderlin asserts, "They don't want the number one slot back." Martin Orlowsky, senior vice president of brand development, staunchly disagrees. He points to last year's $350 million advertising budget — which may even be topped this year. "We're not changing our strategy from the past two years," he insists, which means that the money will support brands at the regional level. Several key brands, including Camel and Vantage, are also getting a boost.

However, Winston, the company's flagship, isn't. Last year's $50 million in measured media is likely to be 20% lower this year, as is the support, which reached $45 million in 1983. Both of these brands are in their third year of share slippage: Winston, now at 12%, had a 13.4% share in 1981; similarly, Salem currently has an 8.2% share, compared with 1981's 8.9%. Analysts blame a lack of direction and poor positioning. Says Goldman Sachs' Weingarten, "RJR never found anything that could top 'Winston tastes good like a cigarette should,' and they've been paying for it."

Instead, advertising support backs Vantage's "Taste of Success" campaign — a yuppie approach if there ever was one. And rightly so: smokers tend to be younger than the more traditional Winston consumer. First half spending in magazines, supplements and outdoor points to an almost 40% boost for the brand ($44 million, at least). Also getting the green light is Camel, whose rugged mountain climber takes a cigarette break outdoors and in magazines. The company is looking to consolidate support behind its Now brand ("Above all, the lowest"), though the low-tar segment is continuing its descent from 59% to 52% of the total market. Explains Orlowsky: "The smoker is stabilizing his brand choices. The decline in low-tar growth doesn't necessarily mean a return to the full-flavor brands. What we're seeing now is a more stable pattern of development — a sorting out of brand choices by tar levels."



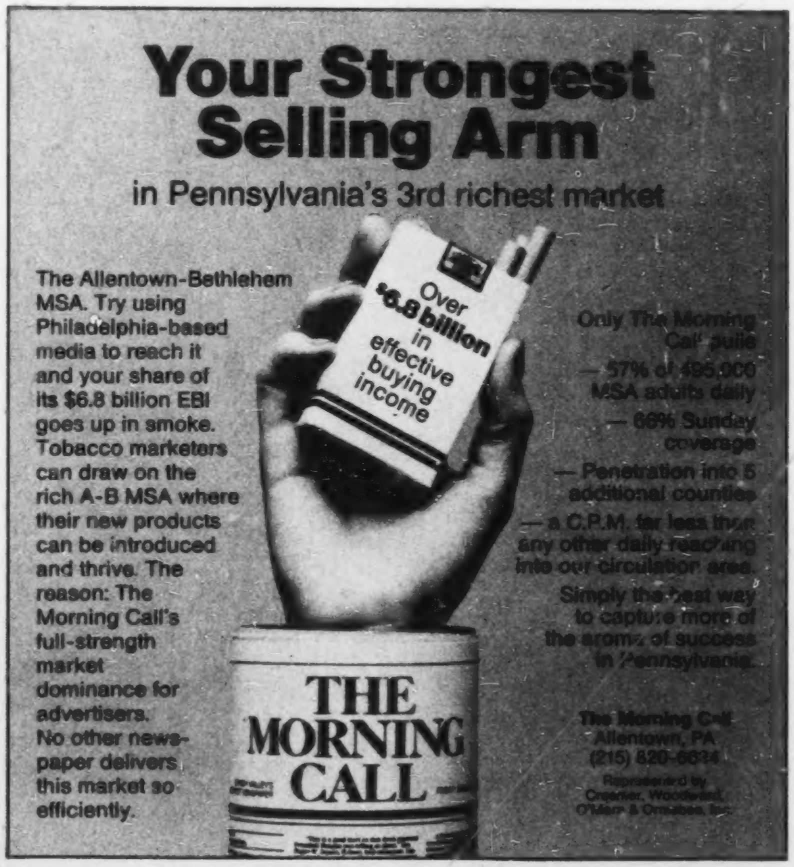
New box pack gets spending boost

The real action for RJR has been on another front, as the company tries out different pricing strategies. Each one of the company's major moves this year dealt with price and value, either directly, with Doral, the discount brand fielded this year, or indirectly, as in the case of Sterling, the class cigarette at the mass price. So far, it is too early to call any winners. Doral, priced at 85¢ per pack, is RJR's answer to the interest in generics with the value-added of being a legitimate brand. The company rushed to bring back the brand, virtually abandoned some years before, not only to capitalize on what seemed a growing segment, but also to defend itself from lower-priced smokes appealing to a similar audience as some of RJR's standbys. While the move further muddied the waters, it may have had a greater effect on competitors than on RJR itself. "It hasn't exactly set the world on fire," admits Orlowsky. Analyst Weingarten points out that the segment, now crowded with another RJR entry (Century, with 25 cigarettes for the price of 20), and several from Liggett and Brown & Williamson, has less than a 4.8% share. "Certainly, the generic segment is more competitive than it was a year ago," concedes Orlowsky.

The company is turning its attention to another new product, Sterling. RJR's last two new brand ventures have not been successful. For instance, the $63 million launch for Bright in 1982-1983 turned up a modest .3% share — spending has since been halved. Now, Sterling ("Just a cigarette the way Porsche/Rolex/St.Moritz . . . is just a car/watch/resort") is proving problematic. Observers note that the upscale positioning may have run its course, with the economic health of the country. Even so, Orlowsky says the company will push ahead, despite a .5% share. "There won't be a radical image change," he says — which does not preclude expanding media out of the *Town & Country* stratum the brand has been seen in. And support continues to roll out at about $50 million annual rate.

Brown & Williamson

It's been a busy time for the American arm of British BAT as well, as the company struggles to forestall further share erosion by fighting a multi-front battle. From a 1981 total share of 13.8%, Brown & Williamson has slid to 10.8%. Analysts have mixed opinions of the company's future. Some see the $125 million investment behind Barclay's 1981 introductions as a sure sign that BAT is committed to developing the American market. Other observers point to declining marketing



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budgets since, and a disordered, fragmented marketing strategy as signs that the company lacks a unified direction.

B&W executive vice president Richard Blott cites the company's experiments with pricing during the years as an answer to critics who charge the company is standing pat. Certainly, the company seems to be covering every front -- not only to be in position for new segments that might open up, but also to defend low-income profile brands such as Raleigh (with a 1.1% share) and Viceroy (1.1%). The company's most acutely defensive tactic, a generic positioned head-on against Liggett & Myers' line, has gained the company a lawsuit from L&M, but little else. Another trial balloon is Richland, which joins the swelling ranks of 25-packs, supported by a $6 million budget. The most innovative move is just entering test: Brown & Williamson is trying to gauge whether the recent price increases have broken American resistance to a premium price cigarette. The St. James Court brand has just entered its second West Coast city, where it will be sold for an estimated 20% premium. Early reports from the first test site are not encouraging; slow sales are blamed on the product's taste.

Elsewhere, the company seems to be letting its older products languish. Kool capped a multi-year losing streak by being yanked from Cunningham & Walsh, taking several other brands (including Raleigh and Belair) with it. "These things often take a long time to build," was the only comment on the move from company spokesman, Mark Aharn. Yet while the company says it's been anxious for new opportunities, spending behind the leaders has virtually evaporated. Last year, for example, the company backed Barclay with $35 million. Since then, its .9% share has tripped to .7%, and so has the budget, to $12 million. Legal disputes over the brand's filter claim (giving the brand only 1 mg. of tar) haven't affected the positioning: new Ogilvy & Mather advertising reflects the original upscale stance. Kool has lost its advertising support as well, from $44.3 million in 1983 to little over $16 million now. Perhaps the new motorcycle rider campaign driven out by Doyle Dane Bernbach will be supported by a revved up budget. Of the company's best bet, Blott insists, "We're spending our marketing money evenly between the test brand, the generics, and our standard, established brands."

Lorillard

The company is focusing on its established brands, and neatly side-stepping the price controversy. Lorillard will probably end 1984 with only a slight corporate dip, to an 8.6% share. Tom Mau, senior vice president of advertising and brand management, isn't worried. "I don't see any specific established brands getting cut deeply," he says, adding, "we're in a good position to make inroads."

Market share, first half 1984

Company/Brand	Total
Philip Morris	34.5%
Marlboro	21.1%
Benson & Hedges	4.8%
Merit	4.1%
Virginia Slims	2.5%
Parliament	1.0%
Players	.5%
Saratoga	.3%
R.J. Reynolds	32.4%
Winston	12.0%
Salem	8.2%
Camel	4.6%
Vantage	3.6%
More	1.5%
Now	.7%
Bright	.3%
Century	.6%
Doral	.4%
Sterling	.5%
Brown & Williamson	10.8%
Kool	6.9%
Raleigh	1.2%
Viceroy	1.1%
Barclay	.7%
Belair	.8%
Lorillard	8.6%
Kent	3.4%
Newport	3.1%
True	1.2%
Satin	.4%
Old Gold	.3%
Max	.1%
American Tobacco	7.9%
Carlton	1.9%
Tareyton	1.1%
Pall Mall	3.8%
Lucky Strike	.9%
Liggett Group	5.8%
Generics	4.1%
L&M	.6%
Lark	.3%
Eve	.3%
Chesterfields	.5%

Source: John C. Maxwell, Jr.

Lorillard's spending patterns are undergoing a slight shift this year, into the lower end of its low-tar spectrum, explains Mau. The company defines low-tar and full-flavor slightly differently from the rest of the industry: Where the industry tends to use 6 mg. of tar as the cut-off point for its "ultra-low" designation, and 15 mg. for "low tar," Lorillard uses the more liberal 7 to 8 mg., and 17 mg. points. So, says Mau, both Kent (ranging from 15 mg. down to 3 mg. for Kent III) and Newport (9 mg. to 20 mg.) are considered low-tar brands. In the past, spending has been heaviest behind the "parent" brand. This year, however, Lorillard has introduced three new box packages, and these have been getting the advertising attention: Newport, Newport Lights and Kent III. Mau is particularly encouraged by the Newport line's potential. The brand is getting a boost from 1983's $15.6 million to an estimated $20 million. Newport has been gaining share steadily, says Mau, and "it will be up again this year," to about 3.3%.

Not so Kent or True — both, says Mau, "will be down this year." And so is spending: Kent's estimated $12 million for 1984 is less than half 1983 levels. True's new advertising is aimed at slowing erosion, by discussing the "laser technology" in the filter that dispells the low taste myth about lighter cigarettes. But the effort has only gotten $1 million support since the beginning of the year — a far cry from the $18.3 million spent in 1983.

Mau observes that the nature of competitive activity in the cigarette industry is changing, away from a high volume of introductions, and toward a more fragmented battlefield. "There are more people trying different approaches," he notes, which range from packages to pricing ploys. "I think 1984 is a good barometer for 1985 and 1986: Everyone is probing the market for segments they can introduce brands into, but the activity is localized."

American Tobacco Company

"American Tobacco," says Smith Barney analyst, Peter Enderlin, "is willing to drift." And this certainly seems to be the case: The company's share has been on a long-term slide for 20 years, ever since American Tobacco diversified into American Brands. From a one time high of over 20%, it has bumped down to 7.9% in 1984. But director of marketing, William J. Moore, seems undisturbed. "This market," he says, "is worth pursuing in the way we are pursuing it."

That way means a major push behind Carlton, the company's leading brand (1.9%), with a new package design, 'slims' in a box. The new advertising invites smokers to "please try Carlton." Also getting a boost is the ressurected Lucky Strike brand, now in 100's and Lights. How much these moves will be supported is another question — spending has been cut across the board. That support should be withdrawn from Pall Mall is predictable: The brand has an older, more loyal following. Still, based on first half expenditures, 1984 may come in at $34 million, down 22% from last year. "Yes, spending is leveling off, along with the industry," says Moore. He points out that the company is still shifting advertising weights where the action is — toward women, for example, who constitute much of Carlton's franchise. The way the industry looks now, adds Moore, "there's no point in coming out with a new brand, when our money is more efficiently spent against the names we have."

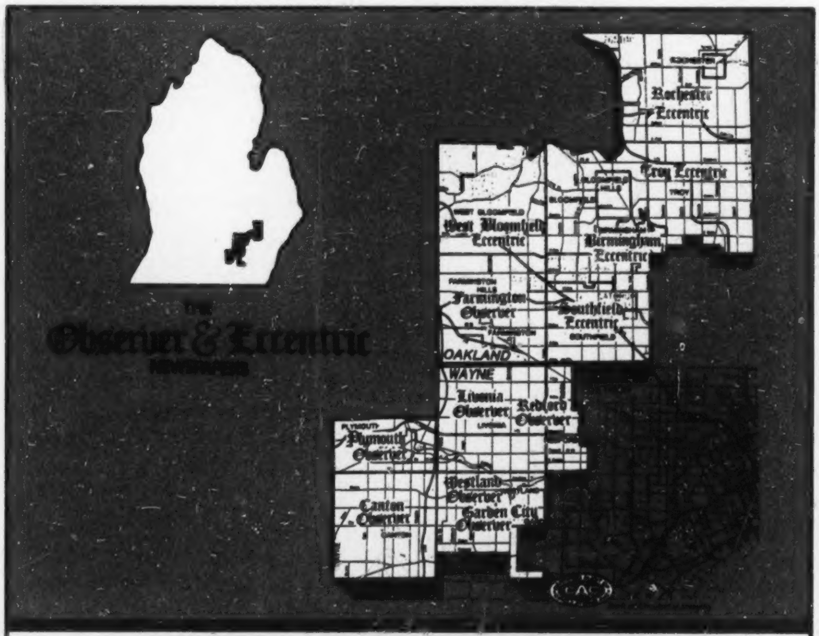
Liggett Group

All eyes focused on the Liggett Group this year, the industry's weakest player, who put some flex into its muscle with the sudden popularity of generics. Liggett's management attempted a leverage buyout earlier this year but the deal fell through, a consequence perhaps of increased competition in generics at a time when the category's popularity seems to be waning. Parent Grand Metropolitan will "have to hang in there a little longer, the moment for a buyout has passed," comments analyst Weingarten.

Nonetheless, says Harold Grant, vice president of sales and marketing, the company is eager to capitalize on its successes. He is confident generics are here to stay. But just in case, Liggett is developing other "excellent opportunities:" The company may field a premium priced product. Another possibility is Stride, introduced over the summer at a price between the discounts (85¢) and popular priced brands ($1.05). "There is a change in the consumer," explains Grant. "He's more self-reliant — the value-added concept is more important." Which is why, he stresses, there may be a niche for a premium price cigarette "in certain areas."

Along with these ambitious plans, Grant says the marketing budget will "at least double." This increase doesn't quite pit the company against the giants — Liggett spent $7.6 million last year, $6.9 million of which went behind Eve (introduced in 1980 to modest [illegible]). This year, says Grant, [illegible] will be split evenly between [illegible] and the brands. First half [illegible], however, show only a slightly increased investment behind Eve — and that's all.

Laura Konrad Jereski



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MEDIA COST INDEX

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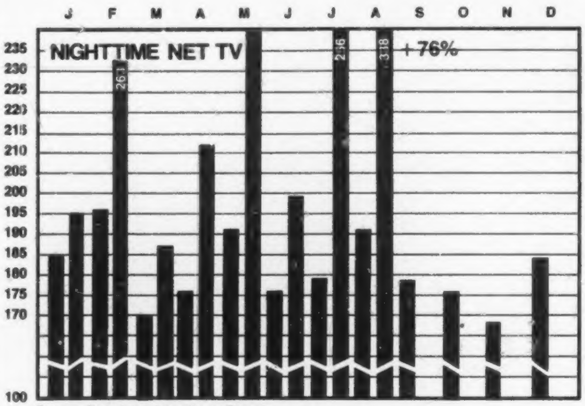
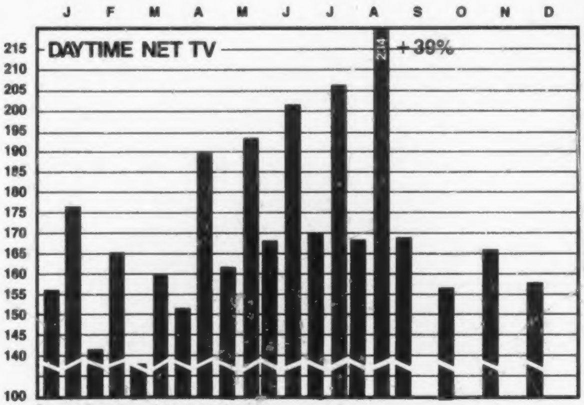


Source: Broadcast Advertisers Reports



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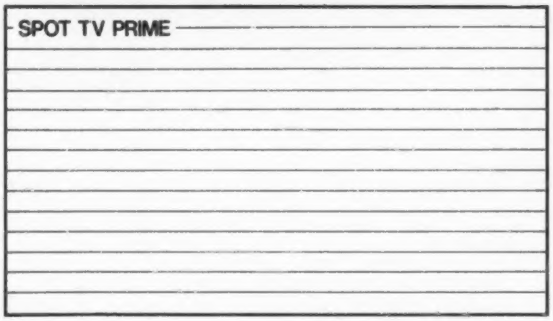
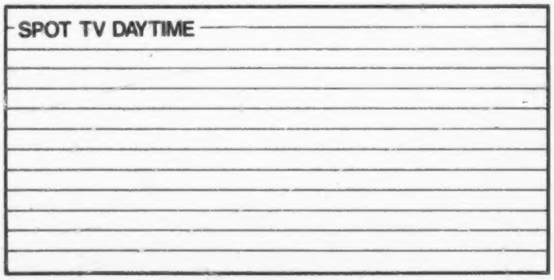
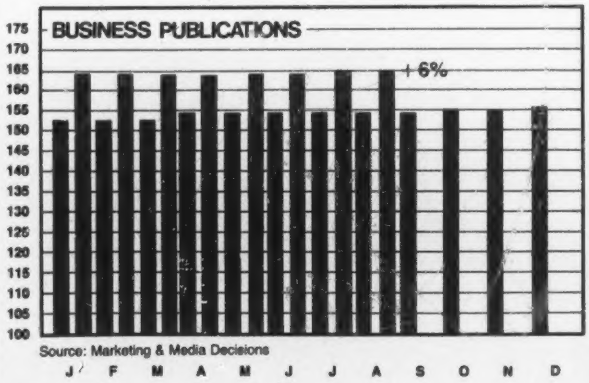






Source: Marketing & Media Decisions

The full impact of the Summer Olympics on **prime-time network tv** is reflected in *Decision*'s cost index for the month of August. In relation to the same month in 1983, the cost of the average 30-second spot in prime time was up 76% for August 1984. The July month-to-month increase was 43%, also reflecting the influence of the summer games. **Daytime network tv** showed a surprising 39% increase in August, having ranged in the area of 15% - 25% in the first half of the year.

The **national supplements,** which had been showing higher than average gains in 1984, settled down to a more normal reading of +9%, having caught up with the "catch-up" increase reported in August 1983.

Those **business papers** which have announced rate increases show a median increase of 8% with the range running from 2% to 11%. The 2% increase, incidentally, reflects a substantial drop in the cost of adding four color. Overall, the sample showed a 6% change.

After a surge of 5% in July, **network radio** dropped back to a +0% change in August. **Outdoor** seems to have settled in at +8%. **Consumer magazines** are showing a similar pattern, up 8% in August, and have ranged from +7% to +9% all year.

The cost compilation for **newspapers** is still held up by the change of costing on the basis of SAU units instead of the former line basis.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

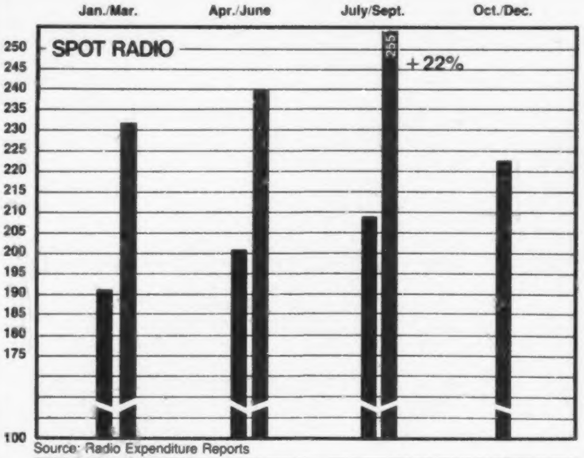
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. **Spot radio** index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

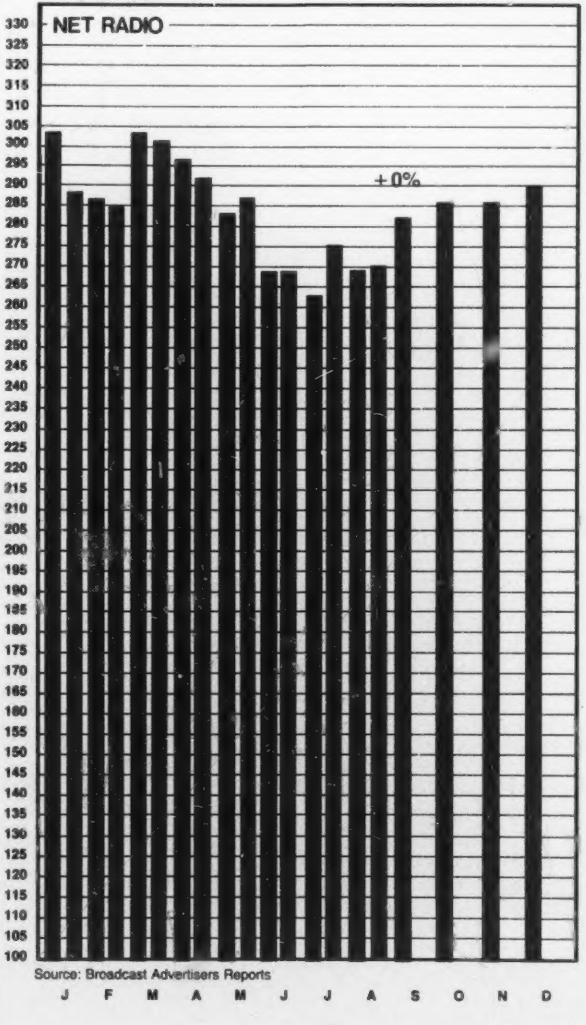
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

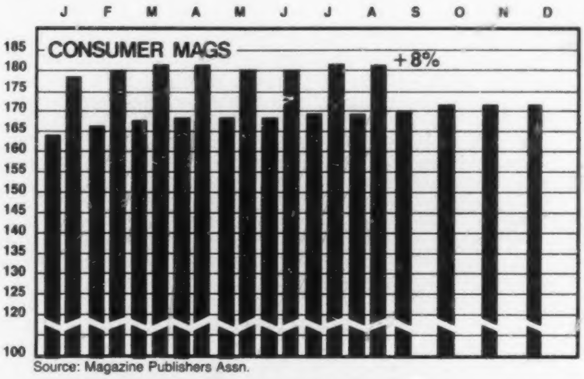
Black bars index for 1983; color bars 1984; base year 1977



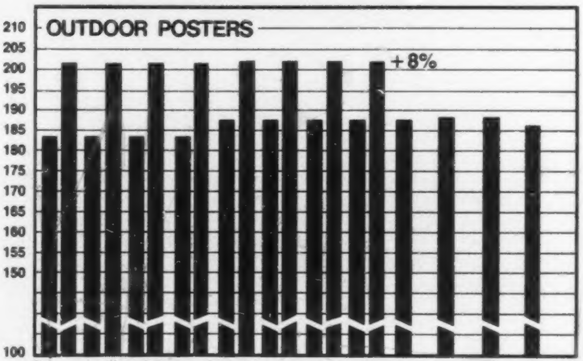
Source: Radio Expenditure Reports



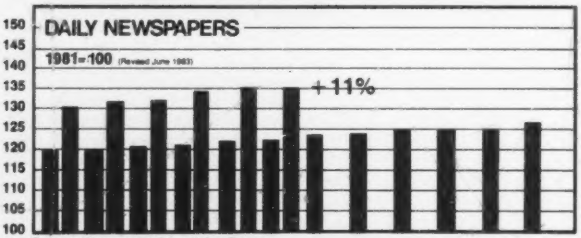
Source: Broadcast Advertisers Reports



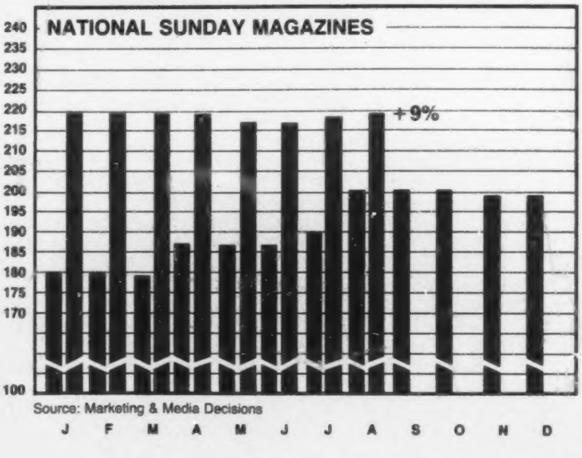
Source: Magazine Publishers Assn.



Source: Institute of Outdoor Advertising



Source: Newspaper Advertising Bureau



Source: Marketing & Media Decisions

PRINT: *Continued from page 72*

woman's tongue, for her next trip to the States.

Conde Nast's stable of international editions also includes an Italian version of *Glamour* called *Lei*. And they walk *Brides Magazine* down the Atlantic aisle to *Bride & Setting Up Home* in Britain.

That *Cosmopolitan* girl gets around to Europe, South America, Japan and Australia. Be patient, Hong Kong, she's coming in December. And Denmark in March, 1985.

Steve Rebb, Revlon's international advertising manager, which mixes tv and print here, says, "Magazines are the biggest part of our schedule overseas. We use *Vogue, House & Garden, Harper's Bazaar, Cosmopolitan* and many local books."

On the male side

Playboy and *Penthouse* have many male fans overseas, including America's own overseas servicemen. Though their graphics need no translation, licensees are bringing them out in Japanese, German and Spanish.

VIP's round the world

Straddling the consumer-business line, and attracting advertisers from both camps, are books such as *Time* and *Newsweek*. But high technology advertisers (IBM, Wang), heavy industry (International Harvester, Caterpillar), financial (Citicorp, Bankers Trust) seek out the international editions of *Business Week, Fortune, Wall Street Journal, Scientific American* as well as the British *Economist* and the *International Herald Tribune*.

When talking to the VIP's in business, government and the professions, there's an argument over whether they can all be addressed in English. *Time* says they can; they're upscale, they're bilingual. *Time*'s managing editor, Ray Cave, says "*Time* is, and will remain, an American magazine bringing American perceptions to the world it covers." But the *Wall Street Journal*, though printed in English, maintains a complete news bureau in Europe and in Asia to publish two separate newspapers. *Scientific American*, while selling its English edition around the world, also translates editions into Italian, Japanese, Spanish, French, German, Chinese and Russian.

The *International Herald Tribune* prints its 157,000 English copies simultaneously in Paris, London, Zurich, the Hague, Marseilles, Hong Kong and Singapore.

The London-based *Economist* spreads some 250,000 English copies over 180 countries, printing in Singapore as well as the U.S.A. and Britain.

"NO SPEAK ENGLISH"

Percentage of respondents to Pan American Survey who reported "Poor/No English familiarity."

Belgium	16.7%
Denmark	12.7%
Germany	28.2%
Italy	54.5%
Netherlands	5.7%
Norway	7.3%
Spain	49.7%
Sweden	8.6%
Switzerland	29.8%
France	33.8%
Total sample, excluding UK/Eire	33.1%

But *Reader's Digest* insists that English is missing a significant part of even the upscale audience. Quoting from the Pan European Survey, which is the accepted study of high-demo Europeans, they spell out the readers for whom English is an unknown language: This ranges from 5.7% in the Netherlands to 54.5% in Italy (see box).

Newsweek, which prints everywhere in English, has just licensed TBS-Britannica to translate its Japanese edition.

Circulations are something less than comparable in overseas editions. Magazines printed by their own publishers, such as *Time, Business Week, Newsweek*, have ABC audits. *Scientific American*, which bolted ABC over a policy question, uses America's BPA. Conde Nast points out that France and Italy have their own alphabetical equivalents of ABC. Licensed editions give mostly publisher's estimates.

The accompanying table breaks the global market into eight geographic areas used in ABC statements. Only publications that expand to global proportions are shown. Certain American magazines are getting their feet wet in individual countries. *Inc. Magazine* has just licensed a Japanese firm to bring out a Japanese *Aspect/Inc*. In Japan, they're also testing a pilot edition of *High Tech*.

However, Vincent Tagliarino, international business manager of *Time*, says, "The global advertising pot hasn't grown over the past few years. In francs or marks, yes, but when you convert it back into the burgeoning American dollar, it's flat."

In addition to the consumer magazines, a number of industrial publications have worldwide markets.

Reading the rate card

That's an art to be mastered by specialists. The complexities of foreign exchange in this day of the soaring dollar demands media buying through a string of foreign agencies.

American media shouldn't be in as sad a competitive situation as other American products that are being priced out of world markets. Most foreign editions are produced abroad with local labor, though they use high-cost American editorial material. Conde Nast's rate card for its 20 editions and *Cosmopolitan*'s rates for all but Latin America are quoted in French francs, Greek drachmas, Deutsch marks, etc. The newsweeklies quote rates in dollars. But those dollars are based on the Dutch guilder where *Time* prints its Atlantic edition. Other editions convert to their local currencies.

Then comes the conversion into dollars for the home office, which makes *Time* call the advertising pot "flat."

The multi-national magazines break their total circulations into editions such as Atlantic, Pacific, Latin American. There are discounts for buying combinations of countries. There are extra discounts for combining the American and international editions. *Business Week* will give overseas advertisers a 40% discount for combining with its American edition.

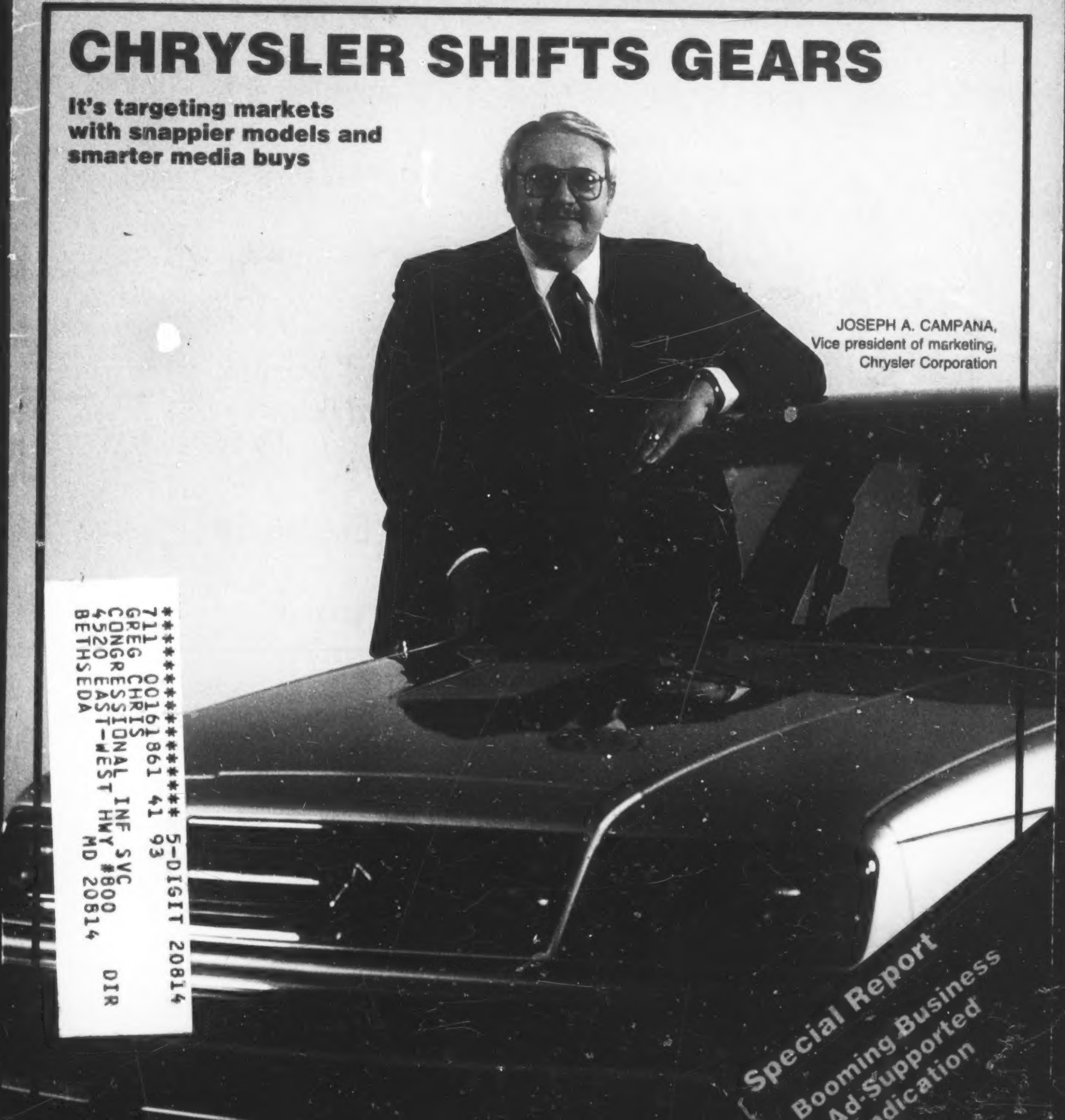
Global advertising isn't just American advertisers covering overseas markets. As one newsweekly remarked: "Each of our foreign offices has a sales staff ready to sell the whole world."

Lionel Kaufman

c2950-3

JANUARY 1985 • $3.00

MARKETING & MEDIA Decisions



CHRYSLER SHIFTS GEARS

It's targeting markets
with snappier models and
smarter media buys

JOSEPH A. CAMPANA,
Vice president of marketing,
Chrysler Corporation

************** 5-DIGIT 20814
711 00161861 41 93
GREG CHRIS
CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800 DIR
BETHSEDA MD 20814

Special Report
Booming Business
Ad-Supported
dication

MARKETING & MEDIA Decisions
CHRYSLER SHIFTS GEARS

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There's a lot of competition in the fast food game — new products, different tastes, ethnic flair, besides convenience — and with a 30% increase in ad budgets, chains are hoping to win over baby boomers.

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NEW ELECTRONIC MEDIA

Some setbacks, but overall, cable gains

Despite fluctuations in revenue among individual services, the cable industry overall is doing well, with revenue per subscriber (perhaps the best indicator of ad sales growth), up across the board for all services. Third quarter readings in audience drawers show, by Nielsen accounts, that *Cable News Network*, *CNN Headline News* and *The Nashville Network* are leading with substantial gains. *ESPN* suffered the greatest drop in viewership for the third quarter followed by *CBN* cable. *MTV* is expected to generate the largest overall increase, a jump of nearly 60% by Paul Kagan Associates' tally.

CNN, the big winner in viewership for the third quarter, attracted an average 260,000 households in July, August and September, up 34% over the second quarter's 194,000 household average. This audience growth could be attributed to *CNN*'s coverage of the conventions, the John DeLorean trial, and perhaps the Summer Olympics. The network, which debuted in June, 1980, has 29.7 million subs, or 35% of total tv households. Its 1984 per sub revenue was $1.79 and could go up to $1.88 this year, an increase of 23.1% by Paul Kagan Associates' count.

The Nashville Network (18.4 million subs) gained 53% in viewership during prime time in the third quarter, up from 127,000 households to 194,000. Lloyd Werner, senior vp of Group W satellite, credits the network's jump in reach to a $700,000 promotion campaign by Needham, Harper & Steers throughout the summer. However, the service's growth from 12 million subs to 19.5 million created difficulty in readying local promotional campaigns for all the new markets. The network is expected to increase its per sub revenue growth from $.98 per sub in 1984, to $1.21 per sub this year, a 55% increase. Revenues of $28 million are projected by Kagan Associates.

ESPN (23.3 million subs) showed the most dramatic decline in third quarter viewership and the biggest drop in revenue from the second quarter. Households plummeted from 605,000 in the second quarter to 427,000, while revenue per sub dropped from $1.74 to $1.38. This slump, say *ESPN* reps, is due to traditional decline in HUT (homes using tv) levels and the Olympics, which drew viewers to ABC. *ESPN*'s overall revenue of $58 million in 1984 is projected to reach $72 million. *USA* passed *ESPN* in the third quarter in terms of viewers in 24 hours.

MTV, the most promising with its solid second-place hold (on a round-the-clock basis), is expected to continue its strong performance. The networks sub count for 1984 was 22.6 million; its per sub rate of $2.30 is expected to reach $3.19 this year. Revenues for 1984 at $52 million are projected by Kagan to soar to $83 million.

Although *CBN* slumped in viewership for the third quarter, Kagan projects that the network will boost its overall 1984 revenue of $26 million to $39 million this year.

CABLE'S GAINS AND SETBACKS

24-HOUR AD-SUPPORTED NETWORK AUDIENCE (households)

Cable services	3rd Quarter 1984	2nd Quarter 1984	Change
WTBS	661,000	661,000	0%
MTV	236,000	236,000	0%
USA Network	209,000	224,000	− 7%
ESPN	197,000	239,000	−18%
CNN	196,000	173,000	+13%
CBN Cable	194,000	203,000	− 4%
Nashville Network*	93,000	64,000	+45%
CNN Headline	57,000	50,000**	+14%
Lifetime	57,000**	53,000**	+ 8%

PRIME-TIME AD-SUPPORTED NETWORK AUDIENCE

Cable services	3rd Quarter 1984	2nd Quarter 1984	Change
WTBS	1,196,000	1,209,000	− 1%
ESPN	427,000	605,000	−29%
USA Network	391,000	413,000	− 5%
MTV	330,000	349,000	− 5%
CBN Cable	278,000	305,000	− 9%
CNN	260,000	194,000	+34%
Nashville Network	194,000	127,000	+53%
CNN Headline	83,000	127,000	+53%
Lifetime	77,000**	101,000	−24%

* 18-hour rating from 9 a.m.-3 a.m. (ET).

** Includes some dayparts below the reportable minimum

NOTE: Prime time for WTBS, USA, CBN, CNN and Lifetime is 8-11 p.m. (ET) Monday-Saturday; Sunday 7-11 p.m. Prime time for ESPN and Nashville Network is 8-11 p.m. Monday-Sunday. Prime time for MTV is 7-11 p.m. Monday-Sunday. Prime time for Nashville Network is 9 p.m.-midnight Monday-Sunday. Prime Time for CNN Headline is 8-11 p.m. Monday-Friday; 6-11 p.m. Saturday and Sunday.

Source: A.C. Nielsen Co.

NEW IN MEDIA

Dorm magazine targets university students

It's pretty unusual when a 23-year-old, a year out of college (even if it was Cornell University), gets a head start in the magazine publishing business by starting one. That's exactly what Douglas Ranalli has done by creating a bi-annual controlled circulation publication that goes to 800,000 college students on 180 campuses.

The first issue of *Dorm* is supported by an impressive list of national advertisers, including Revlon, AT&T, Ford, *Time*, The Army Reserve, General Foods, Anheuser-Busch, and *Omni* magazine. Ranalli sold the advertising on his own but he has hired an editorial staff to produce the book.

A twist to the national *Dorm*, which features four-color and professional-looking graphics, is the distribution method. *Dorm* is guaranteeing that 100% of its circulation will be delivered to students through the U.S. mail. Students targeted, as *Dorm*'s title implies, live in university housing.

Dorm has some pretty stiff competition from other more established publishers who have discovered the lucrative college market and advertisers hungry for it. *Newsweek* publishes an "On Campus" edition and *Business Week* has a guide to careers. Beyond those, there are *Ampersand*, *Campus Voice* and *Directory of Classes*.

Ramalli, whose company, Campus Publishing, is located in Upper Saddle River, NJ, is charging advertisers $23,800 for a four-color page and $18,700 for a black-and-white page.

New Year raises in rates for magazines

Sports Illustrated is raising ad rates by 8.9% so that a black-and-white page will go for $48,315 and a four-color one for $75,37[illegible]. Included in the new rates is circulation growth of 75,000 or 2.9% to a new rate base of 2,625,000.

Discover adjusts rates downward for a 30% reduction in advertising CPM and more significantly, the lowest black-and-white page rate in the science field. The rate base also declines to 850,000 from 935,000. Meanwhile, the magazine's newsstand price will rise to $2.50 from the current $2 and the cost of a one-year subscription will increase to $24 from $22.

Country Living's circulation rate base will increase 18%, from 1,100,000 to 1,300,000 beginning with the January 1985 issue. Advertising rates will also go up by 18%.

Field & Stream will increase ad rates to $43,040 for a four-color page and to $28,610 for a black-and-white, effective in February.

Science 85's ad rates increase by 6.9% with the January/February issue. The four-color page rate will increase to $19,100 from the current 17,900, changing CPM from $25.57 to $27.29.

Metropolitan Home is raising rates by 8% in the new year. A four-color page will cost $17,850 and a black-and-white page, $12,620.

New York magazine moves the rate base from 400,000 to 415,000, an increase of 3.75%. Rates go up by 8.75% this month.

Money increases its circulation rate base by 100,000 to 1.5 million effective in January. The 7.1% increase will be accompanied by a 7% increase in the magazine's advertising cost per thousand.

The feature story on the *New York Daily News* (pg. 64, November issue of *Marketing & Media Decisions*), carried a chart comparing weekday linage figures for the *News*, the *Post*, and the *Times*. To round out the picture, here are both weekday and Sunday totals, as reported by Media Records.

Actual linage YTD June 1984

	This year		Last year		Gain or loss	Gain or loss
	Lines	Share	Lines	Share	June 1984 vs. June 1983	June 1983 vs. June 1982
New York Times	52,079,700	22.9	50,199,500	23.2	5.5%	0.5%
Sunday total	32,112,200	13.9	29,716,800	13.7	8.0%	0.2%
Weekday total	20,867,500	9.0	20,482,700	9.5	1.8%	0.9%
New York News	27,974,100	12.1	26,819,000	12.4	4.3%	7.6%
Sunday total	10,345,300	4.5	10,311,900	4.8	0.3%	3.7%
Weekday total	17,628,800	7.6	16,507,100	7.6	6.7%	10.3%
New York Post	6,399,700	2.8	6,521,200	3.0	−1.8%	5.1%
Weekday total	6,399,700	2.8	6,521,200	3.0	−1.8%	5.1%

Source: Media Records

Ric Levy, heads up Camelot Entertainment's efforts for Wheel of Fortune *and* Jeopardy.

Lawrence Gershman, president, MGM/UA will be offering the MGM/UA Premier Network.

cause of the changing face of network television; the networks simply aren't buying as many theatrical films from movie studios as they have in the past. Ventures like *Embassy Night At The Movies, LBS Movie of the Month, Warner Bros. First Edition* and the *MGM/UA Premiere Network*, are all ad-supported outlets benefitting from the ample supply of commercially viable films that received pay tv exposure but no network television runs.

"One area where barter certainly is making inroads is in the feature film package," says Neil Hoffman, vice president of programing for Metromedia Television. "Now that the networks are buying fewer theatricals, the syndicators are trying to do something with that window that used to go to the networks. A lot of the feature packages being syndicated now have an initial window of barter, and then turn into a sort of traditional feature package for cash in the back end window," he explains. "That's been big this past year, especially the feature film with the barter window up front."

Another nuance to consider, says Gary Lieberthal, president of Embassy Television, who is more than happy to reel off the numbers for *Embassy Night At The Movies*, is that "the back end of a picture is almost becoming the front end. The box office is now almost coincidental to pay tv, movie networks, or network sales, or even videocassette sales," he believes. "We're leading the parade now with the movies, in terms of revenues and coverage," he claims, "but what we do next depends on programing. Our attitude is that we'll develop the programing and then figure out how to sell it."

Also highly optimistic is Gary Montanus, SFM's director of program marketing. "We will probably triple our ad-supported business revenues this year, by doing special projects and taking on series rather than just doing specials as we have in the past few years," he predicts. "We're finding that clients are coming to us and saying that they want something produced for a special event or promotion; maybe it's the tail wagging the dog, with the show being the focal point, but the merchandising and promotion going into the show are the main elements," he says.

"The days of just planning for a particular daypart and hoping to launch a particular show are gone, except if you're doing a strip like a game show that you know is designed for prime access," sums up Shelly Schwab, senior vice president, marketing, MCA-TV. "We're in the once-a-week business, and we produce programing that will be comfortable running anywhere from 4 p.m. to midnight."

Continuing, he notes, "Ad-supported syndication has grown, and will continue to grow at an enormous pace. The figure that was mentioned at the Television Bureau of Advertising meeting in Chicago — $500 million — is, in my opinion, a conservative figure. I think we're on our way to a billion dollars in 1990."

Dave Potorti

Advertisers flock to ad-supported syndication

It was only five years ago that national advertisers looked askance at ad-supported syndication and wondered if barter was worth the bother.

Even the most zealous cost-conscious advertisers were hard pressed to see the payoff in ad-supported syndication. The buy, went the complaint, compared with network tv was a hassle, and a risky one — erratic station lineups posing under-delivery problems for third rate programing which was unlikely to survive the season.

"The thinking then was why take the trouble," recalls Willard Hadlock, Leo Burnett's vice president, media. "If network CPMs were $4 and CPMs for syndicated shows were $3.90, with only half the delivery, why hassle over the dime." That attitude, he hastens to add, "is not the case today." Certainly not at Burnett. In all likelihood, that Chicago-based agency is one of the biggest buyers of syndication programing, handling all of those kinds of buys for Procter & Gamble.

Dennis Gillespie, this year's ASTA president and president of Viacom Enterprises.

Robert Riesenberg, senior vice president, associate director of programing, BBDO.

Indeed, ad-supported syndication has earned respect from a once doubting advertising community. While the problems of under-delivery and sometimes less than Emmy Award-winning quality programs still abound, the risk has been reduced. Furthermore, today's buy in barter syndication can be truly national, with programs such as *Entertainment Tonight* and *Wheel of Fortune* delivering 80% of the country along with respectable ratings at an attractive price. And advertisers now are singing the virtues of barter, citing it as cost efficient, timely, flexible, targetable and most reassuringly, guaranteed, with cash-back policies if under-delivered.

NEW AD-SUPPORTED PROGRAMMING
FIRST-RUN HALF HOUR STRIPS **

Name	Distributor	Episodes	Terms	National/Local
Catch Phrase	Group W	195/65	cash/barter	2 (national 30's)
Willard's World	Group W		cash/barter	2 (national 30's)
Headline Chasers	King World	195/65	cash/barter	
Love Songs*	On The Air	140/35	cash/barter	1 (national 30)
Newlywed Game	Barris/Firestone	175/85	cash/barter	2 (national 30's)
Price Is Right	Program Source	170/90	cash/barter	2 (national 30's)
$100,000 Pyramid	20th Century Fox	200/60	cash/barter	1 (national 30)
Jackie Sorensen Show	Centerpoint	196/65	barter	2/3
Million $ Body Challenge	Centerpoint	195/65	barter	2/3
New Dick Clark Show	Program Source	230/30	cash/barter	1 (national 30)

All shows available Sept. 1985 unless noted
* Available January 1985
** Courtesy Petry Television

With network tv costs rising dramatically at the same time ratings continue to descend, advertisers are flocking to their new-found medium. Leo Burnett, for example, billed $45-$50 million last year in barter syndication.

That is a whopping sum considering that in 1972 the entire ad-supported syndication business posted a grand total of $30 million. Syndicators are projecting ad volume in 1985 will hit the $600 million mark, up handsomely from last year's $500 million.

If business continues at this pace, ad-supported syndication will be a billion-dollar business by 1989-90, envisions Dennis Gillespie, president of Viacom Enterprises and this year's president of the two-year old Advertiser Syndicated Television Association. ASTA's mission is to ensure that the professionalism and growth that barter syndication has exhibited over the last five years continues.

"But, there's still a lot of work to be done," freely admits ASTA's Gillespie, who points to one of the current problems plaguing the industry — the lack of reliable research. ASTA, he promises, is hard at work with A.C. Nielsen to find some solutions.

Who's spending what

As fast as barter is growing, the current $500 million figure is only a drop in the bucket, compared with total network tv advertising expenditures. Last year, total network tv ad volume was estimated at nearly $9 billion, meaning barter represents only about 5% of that total. Information as to who's spending what, where and when in barter syndication, is not easily gleaned since the nascent ASTA organization has not yet set out to track that data.

What ASTA does know, according to its own research, is that 96 of the nation's top 100 advertisers engage in ad-supported syndication to one extent or another. Some of those advertisers allocated as much as 25% of their total network tv budgets in the medium last year, although the average spending level was much lower, about 5%-10%. "What the big spenders in syndication have in common is that they're companies with many brands, and are in the high volume, low cost end of the advertising business," explains Gillespie. His own list of the biggest spenders in syndication includes Procter & Gamble, General Foods, Bristol Meyers, American Cyanimid, Richardson Vicks, Sterling Drugs and Johnson & Johnson. Beer advertisers are beginning to join the barter brigade too, he says, because more syndicated sports programing is finding its way on to the air.

Ralston Purina, for example, is a typical spender in syndication, allocating less than 10% of its total broadcast budget to the medium. "While we do a small amount in syndication, it has increased," reports Bill Claggett, vice president and director of advertising and marketing services, Ralston Purina. Claggett buys most of his syndication throughout the year, rather than in the upfront market. Ralston Purina uses barter for reaching light tv viewers — who make up 40% of the company's sales — as well as a way of tackling the problem of network under-delivery on the West Coast.

In addition, Ralston has been a sole sponsor for a nationally syndicated special on pets. But Claggett cautions that sole sponsorships can still be risky business. "So many of the shows in syndication fail, and it's risky if you're the only sponsor," he laments, apparently having been burned.

Agencies, too, are getting more active in the barter syndication business by funding and packaging programs for clients. FCB/Telecom, the national tv programing division of Foote, Cone & Belding, will be launching a new weekly syndicated show at NATPE this month called *Seeing Stars*. FCB client

Clorox has already committed to one of the two and a half minutes being held back for national syndication. But Clorox's director of media opeations, Bob Bolte, stipulates, "that's provided the program gets decent clearance." Bolte said that while Clorox had the option of being the sole national sponsor, he chose a partial sponsorship instead.

Orbis Communications, headed by former LBS Communications executive, Robert Turner, will distribute *Seeing Stars* and sell the national ad time as well. Turner describes the show as an "ideal mid-season replacement" for tired reruns. The show features celebrity profiles and contains reviews of current films.

Over at Coca Cola, William H. Lynn, corporate media director, reports that the soft drink company is now earmarking about 8%-10% of its national broadcast budget toward ad-supported syndication. At one level, Coke participates in programs aimed directly at younger audiences, such as *Entertainment Tonight, Solid Gold* and *Putting On The Hits*, because of the brands' demographic requirements. Coke is also participating as a major sponsor in the LBS movie package as well as MGM/UA's movie package.

Advertisers and agency broadcast directors heading out West to NATPE are hoping to find more first-run programing across the board. Their goal is to use it as a weapon of keeping network tv costs down in all dayparts, reports Robert Riesenberg, senior vice president and associate director of network programing at BBDO. Their hope is that syndicated first-run, barter programing will serve as a hedge against network increases. Many agency media directors, for example, believe that the heavy volume of first-run product in the kids upfront network market last year helped keep 1984-85 costs low.

For Riesenberg's own clients' needs, "which skew young," he says, he would like to see more first-run syndication aimed at men. "There's a real void out there, just as a couple of years ago there was a void in kids syndication," he notes. What would fill the bill would be more business shows or sports syndication, he suggests, "but not more sporting events. God knows we have enough of that."

BBDO buys nearly half of its syndicated product in the upfront market and the rest scattered throughout the year, as opportunities present themselves. Riesenberg will also be looking for sole sponsorship opportunities for his clients at NATPE, and throughout the year. Two of the agency's clients are active players in the barter arena — American Cyanamid's Old Spice division and Campbell Soups. American Cyanamid, for example, had funded a series of one-hour specials — *Stars With David Steinberg* — holding an equity position in the show and taking one-half of the national barter time. Campbell Soups is funding 15, half-hour family dramas with Multimedia entitled, *Young People's Specials*, whereby Campbell's will be the sole national sponsor as well as having an equity position in the project.

Leo Burnett's Hadlock, like many of his counterparts at other agencies, will make the trek out to NATPE with an open mind, "not looking for anything in particular — just that the syndicators

NEW AD-SUPPORTED PROGRAMMING
FIRST RUN HOUR STRIPS

Name	Distributor	Episodes	Terms	National/Local
America	Paramount	260	cash/barter	3 minutes national
Alive & Well	Orbis	130	barter	5/7

All shows available Sept. 1985 unless noted

NEW AD-SUPPORTED PROGRAMMING
CHILDREN'S HALF-HOUR ANIMATED

Name	Distributor	Episodes	Terms	National/Local
Jetsons	Worldvision	65	barter	2/4
M.A.S.K.	LBS	65	barter	2/4
She-Ra	Group W	65	barter	2/4
Terrahawks	Primetime Ent.	65	cash/barter	2 (national 30's)
Thundercats	Telepictures	65	barter	2/4
Jason & The Wheeled Warriors	SFM	65	barter	2/4
Transformers	Claster	65	cash/barter	1 (national 30)
Fun-Tastic World of Hanna Barbera (90 minute block)	Worldvision		barter	6/12

All shows available Sept. 1985 unless noted guarantee pricing and ratings," he cautions. Hadlock, however, is expecting some price increases this season, explaining "that the networks set the ceiling for syndication, and if their prices go up, so will syndication prices, and conversely, if network prices drop, that will happen in syndication as well." But at this early point in time, he says he's not "expecting anything radically different this up front."

Over at J. Walter Thompson, Richard Kostyra, senior vice president, media director, reports that the agency's clients on average are allocating about 4%-5% of their national broadcast budgets to syndication. "But that amount varies dramatically, account by account, with some of our clients not involved at all in syndication, and others at the 15% level," Kostyra adds. This NATPE go-round, Kostyra says, his broadcast staff will "be looking for something different in prime access," and probably renew successful shows such as *Putting On The Hits*, *Entertainment Tonight* and *PM Magazine*.

As for an early reading on what kind of pricing situation will prevail in the upfront syndication market, Kostyra sees early signs now of a soft network up front which would mean a softer upfront market for syndication as well. The soft signs were a slow fourth quarter network scatter market, followed by the traditional first quarter slowdown. That, coupled with advertisers who bought heavy into daytime last up front, exercising sell-off options and bailing out, herald a slow upfront market in Kostyra's thinking. "The network up front could be quite a battleground next season," he reasons, pointing to ABC's problems this season which could spark a highly competitive pricing battle with NBC.

Given that scenario, Kostyra thinks that the upfront market for syndication may not come off as early as last year's when activity heated up right after NATPE in February. "That may not happen this year," he predicts.

Some agency media directors don't believe that the upfront market for syndication even exists. "I think it's wrong for syndicators to try to sell themselves like broadcast tv, trying to create this mythical supply and demand situation," asserts Phil Guarascio, senior vice president, director of media management, Benton & Bowles. Guarascio argues that most of the shows, "the solid ones," are bought on a long-term, multi-year option. "The rest of it is buying something on Friday night to run on Saturday, a tactical, not a strategic buy," he adds.

Still other media directors will counter-argue that the barter syndicators *should* pattern their behavior after the networks and strive for more professionalism. That's the view of Paul Isaacson, who heads up Young & Rubicam's media department. "I've taken a more aggressive approach on syndication wherever possible and clients are increasing advertising expenditures there. But syndication is not a planned medium at this point — it does not enter into many media plans — it's simply siphoned out of network and allocated before the network buys," Isaacson explains.

"Syndicators, however, should aspire to be a planned media by offering comparability with other established broadcast media," he suggests. While syndication has its strengths, specifically its ability to target audiences not available from the networks in shows

NEW AD-SUPPORTED PROGRAMMING
FIRST-RUN HALF HOURS, WEEKLY

Name	Distributor	Episodes	Terms	National/Local
Hollywood Rough Cuts *	SFM	20/6	barter	2½/3½
It's A Living	Golden West	26	barter	3/3½
Rock Review	World Events Productions	52	barter	2/4
Growing Young	Silverbach/Lazarus	18/8	barter	2½/3½
Deja View	All American		barter	

All shows available Sept. 1985 unless noted
* Available January 1985

NEW AD-SUPPORTED PROGRAMMING
FIRST-RUN HOURS, WEEKLY

Name	Distributor	Episodes	Terms	National/Local
America	Paramount	52	barter	6/7
Exciting People/Exotic Places	TPE	26	barter	6/6
Return to Eden	Worldvision	26	cash/barter	2 (national 30's)
Music of Your Life	Group W	24	barter	5/7
The Start of Something Big	TPE	26	barter	6/6

All shows available Sept. 1985 unless noted such as *Solid Gold*, Isaacson, nevertheless, sees some shortfalls. "The category is still striving for legitimacy, and I believe that they will achieve it in fairly short order, but they should be able to say whether a commercial ran or not," he points out.

But ASTA's Gillespie says it's highly unlikely that first-run syndication will ever become a separate media budget item. "It operates the same way network tv does and there's no need to treat it any differently — it's bought exactly the same way," he argues.

Where it's going

Speaking as the president of Viacom Worldwide, and not as the president of ASTA, Gillespie has his own views on where he thinks the syndication business is going. For starters he believes that first-run syndication, with ad-supported elements, will certainly continue to play an increasingly larger role in the future. That's partially because program distributors favor the arrangement and find it a sound business practice. Because programing production costs continue to soar, syndicators now would rather have their money up front from national advertisers than collect licensing fees after the fact from stations. "And the willingness from advertisers to support this kind of programing has created far more competition and far more programing opportunities for stations and advertisers alike," he adds.

Gillespie also predicts that more off-network programing — à la *Fame* and *Too Close For Comfort* — will find its way into first-run syndication. That's because distributors are finding that network shows with two-or-three year runs can be successfully syndicated and that new episodes can be produced later, creating strips — the ultimate goal in syndication. That was the path that *Too Close For Comfort* blazed for itself, when last fall, 14 stations in its lineup began running the once weekly

NEW AD-SUPPORTED PROGRAMMING
SPECIALS/MOVIE NIGHTS/MISCELLANEOUS

Name	Distributor	Episodes	Terms	National/Local
Inday -INDAY News -What's Hot, What's Not (plus two other half hours)	LBS	52	barter	14/12
Metroprime -Empire (6 hr. miniseries) -Jamaica Inn (4 hr. miniseries) -Far Pavilions (6 hr. miniseries)	Orbis		barter	10½/11½
Warner First Edition -Bobby Deerfield -Rollover -Agatha	Orbis		barter	10½/13½
Something Truly Special * -The Complete Beatles -Crosby, Stills & Nash -Loretta Lynn -Evening with Ray Charles	MCA		barter	5½/7
OMNI...Visions of Tomorrow	All American			
Rainbow Brite	SFM	5 half hours in March	barter	3/3
Rose Petal Place	SFM	1 half hour in March	barter	3/3
Return to Eden	Worldvision	22 hours	cash/barter	1 (national 60)
Start of Something Big Exciting People & Exotic Places	TPE	3 hour special	barter	12/12
Bobby Vinton Show	Worldvision	1 hour special	barter	6/6
Stuntman of the Year Awards	Golden West		barter	
MGM/UA Premiere Network	MGM/UA		barter	10½/11½

* Available Sept. 1985 unless noted

program as a five-day a week strip. And already on the eve of NATPE, Taffner/Ltd, producers of *Too Close . . .*, announced that the lineup has grown to 35 markets carrying the strip.

Just at press time, for example, LBS Communications has struck up a deal with Columbia Television to take off network, *What's Happening*, a half hour show which ran on ABC from November, 1976 to May, 1979, ending with a season rating of 20.1.

Another trend, and one which is already picking up steam, is the new release pattern for theatrical films, notes Gillespie. Feature films, such as the package peddled by MGM/UA, are bypassing the network window and going into syndication following their theatrical and pay run on cable tv.

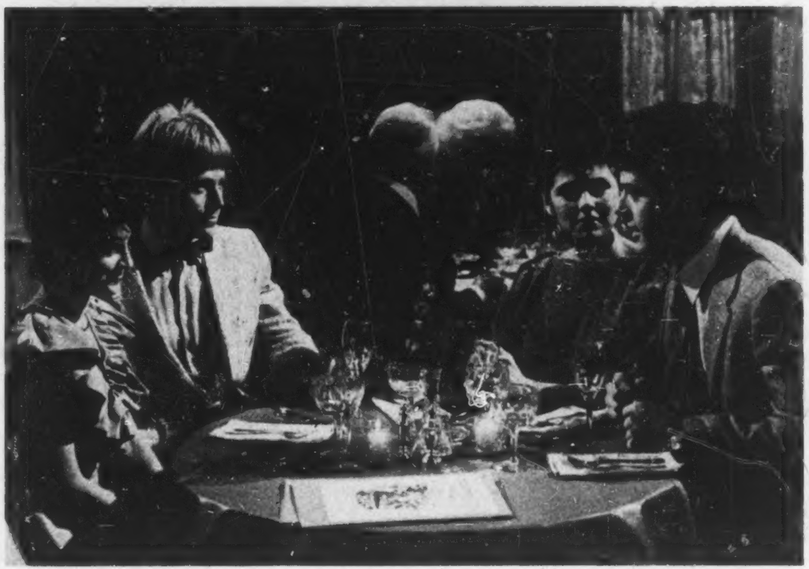
And on the thorny issue of station resistance to barter programing, Gillespie believes that stations will eventually come around and see barter syndication as an opportunity, rather than a threat. Over the past two years, stations have voiced growing concern about regaining control of their commercial inventory time. They say that they would rather pay cash than give away inventory in exchange for the "free" programing. "Yes, it's a genuine concern on the part of stations," Gillespie acknowledges, "but they fear that those ad dollars are coming out of spot budgets. They are coming out of network tv budgets," he asserts.

Futhermore, he reiterates that ad-supported syndication has created healthy competition and more opportunities for stations and advertisers alike. "The bottom line is, it's a healthy growing environment for everyone," he concludes.

Marianne Paskowski

PROFILE

Rituals Struggles To Build Audience



Rituals *will have more good guys to root for.*

The jury is still out on what could be a breakthrough program form in first-run syndicated strip — the soap opera. *Rituals*, a $15 million venture, distributed by Telepictures and co-financed with Metromedia, was launched with much fanfare last September 10. It opened in 107 markets covering 85% of the country, and was backed with the largest promotion budget in Telepictures' history — $1 million in the first year alone. *Rituals* was billed as a "powerhouse for indies in prime time," and a strong vehicle for network affiliates in the late afternoon time slot.

Costing $300,000 a week to produce, the show is a huge gamble, but one with potentially equally impressive payoff. If *Rituals* catches on, it will become a syndicated program that could conceivably run for years, as a powerful showcase for advertisers.

Telepictures knew it wouldn't be easy to draw an audience and, therefore, advertiser support. After all, *Rituals* was to be launched against fall premieres on the networks in the all-important fourth quarter, and viewing patterns would be further scrambled by the World Series and football. Ideally, Telepictures thought *Rituals* would do best coming out of network soaps at 4 p.m. EST.

However, the ideal does not seem to be occurring. Approximately 20% of the stations carrying the show are airing it in prime time, 20% in prime access, and the rest in early fringe. (Of the 107 stations, 83 are network affiliates and 24 are indies.) Notes one disgruntled media director, "This is an extremely erratic lineup. *Rituals* needs a common time period so that advertisers can have some efficiencies in reaching audiences." Furthermore, he notes, "Operation Prime Time has managed to do this." Making matters worse, *Rituals* has drawn low ratings. The soaper pulled a national Nielsen rating of 2.3 in October's book.

Telepictures says that it matched its pre-launch optimism with the caveat that soap operas take a long time to build. It stressed that patience would be essential.

Some advertisers and their agencies have been patient indeed. Among *Rituals*' largest advertisers are Helene Curtis, Beech Nut, Richardson Vicks and Clorox. Other less frequent sponsors include a lineup consisting of Sears Portrait Studios, Union Carbide, Heinz, Mattel and Starkist Tuna.

"It's a well done show, and it could succeed if stations back it with promotion and nurturance," concludes Robert Riesenberg, senior vice presibe 10% in VCR households and 4% in total tv households.

In our opinion, there are a number of steps which should be taken now. They include the following:

- *Nielsen should report average minute commercial audience, in addition to average minute program audience, on a regular basis for households.* After all, we are implicitly paying for the audience to watch our commercial. If commercial audiences are smaller than program audiences, we must know that so we can properly negotiate with the networks.

We also recognize that a need exists for program audience data since the networks use it to gauge the "success" of their programing ventures.

- *Nielsen should not count unattended VCR recordings as tv viewing.* Since we do not have any objective mechanism for the determination of the activities which take place during the replay of the VCR recording (i.e., fast forwarding over commercials), it is cur judgment that it should not be included in a program's audience, let alone a commercial audience measurement.

Our judgment has some support from a study conducted by Nielsen about usage of VCRs. Twenty percent of recordings are never played back. Of the 80% that were played back, approximately two out of three viewing households fast forwarded over the commercials.

- *Nielsen should not count "tune-ins" or "tune-outs" occurring during commercial pods as viewing.* The "mind-set" of the viewer who is engaged in channel switching during a commercial break is not, we believe, conducive to producing a commercial exposure. This is because they are seeking out alternative programing — not commercials — and will switch channels until they find a program which appeals to them.

- *Research will have to be conducted on what gives a commercial "stopping" power.* There are some commercials that we know tv viewers enjoy watching. For example, consider the Michael Jackson Pepsi-Cola commercials which showed Michael and his brothers singing to the hit "Billie Jean," or the Wendy's "Where's the beef" commercials which have made a celebrity out of the main character.

The bottom line is that we require on-going rating reports that provide us with average minute commercial audience measurement *excluding* "time-shift" VCR taping and all channel switching during the commercial pods.

But's let's not forget that commercial audience data will not solve the problem of physical zapping. Additional research is needed in this area. ■

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Inc.	550	34.44	368	51.40
Venture	275	34.36	188	50.39

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MAGAZINES
By DEBBIE SOLOMON
Media research supervisor,
Leo Burnett U.S.A., Chicago

Magazine advertising expenditures

How much do magazines spend to advertise themselves? A review of the 1983 consumer ad expenditures of magazines showed a range of $0 to $24 million. The top spenders, unsurprisingly, tended to be those with larger circulations (*TV Guide, National Enquirer, People*) although one smaller circulation magazine, *Inc.*, had a substantial consumer ad budget in 1983.

Perhaps the most interesting thing about the leading magazines' ad spending is the amount they put into network and spot television. While magazines ask advertisers to take money out of their tv budgets and put it into print, the magazines are putting their own advertising efforts into television. With the exception of the business publications and *Prevention*, 80% to 100% of ad dollars spent by the top 20 spending magazines went into television. Even the business books used some television.

Chart A lists the top 20 spenders with their total and tv spending levels. It should be noted that these estimates do not include affiliated advertising which is the advertising for one publication in another owned by the same publisher (for example, an ad for *Time* in *Life*).

Among the major groups of magazines, Time Inc. spent the most money, almost $31 million. The others spent much less: New York Times Co., $6.5 million; CBS Inc., $3.4 million; Hearst, $2.0 million; Rodale Press, $1.6 million; Conde Nast, $1.5 million; and Knapp Communications, $.9 million.

Another way to look at ad spending is to examine its relation to the number of copies sold. This varied considerably by magazine. *People*, for example, spent over $97 per thousand copies sold while *Redbook* spent 8¢ and *Modern Maturity* spent nothing. Chart B lists the top 20 magazines ranked by total circulation, the amount they spent per thousand copies sold and their readers-per-copy estimates. Some of the magazines with the highest ad expenditures are those with the highest readers-per-copy estimates. This suggests that advertising spending is one of the factors that affects readers-per-copy levels.

Overall, there seems to be no rule-of-thumb concerning the relationship between the amount a magazine spends on advertising and its circulation. However, the analysis indicates that many magazines are advertising to maintain or expand their audiences. ■

A Top 20 publications in ad spending — 1983

Rank	Publication	Total Spending (000)	Network TV (000)	Spot TV (000)	TV % of total
1	TV Guide	24,159	—	21,424	88%
2	National Enquirer	20,618	18,914	1,705	100
3	People	13,849	3,170	10,123	95
4	Wall Street Journal	12,746	1,653	2,606	33
5	Time	10,903	—	9,523	87
6	The Star	6,982	2,728	4,254	100
7	Reader's Digest	5,157	4,876	277	99
8	Family Circle	5,082	288	4,347	91
9	Newsweek	5,007	4	3,986	79
10	Sports Illustrated	3,234	40	2,978	93
11	Barron's	3,123	100	1,142	40
12	Woman's Day	3,075	2,751	283	98
13	U.S. News & World Report	2,804	264	1,615	67
14	Inc.	2,441	28	256	11
15	Changing Times	2,352	2,311	41	100
16	Business Week	2,012	276	322	30
17	Prevention	1,489	—	201	13
18	Smithsonian	1,462	—	594	40
19	National Geographic	1,062	992	70	100
20	National Geographic's World	1,036	1,033	3	100

Source: LNA, 1983.

B Top 20 magazines in total circulation — 1983

Rank	Magazine	Ad $ Spent/ 000 Copies Sold	Adult Readers-Per-Copy
1	Reader's Digest	$23.72	2.19
2	TV Guide	27.06	2.41
3	National Geographic	8.43	2.62
4	Modern Maturity	—	N/A
5	Better Homes & Gardens	.38	2.76
6	Family Circle	41.22	2.88
7	Woman's Day	29.33	2.45
8	McCall's	3.86	2.53
9	Good Housekeeping	8.18	4.03
10	Ladies' Home Journal	—	2.88
11	National Enquirer	81.07	4.77
12	Time	44.93	4.61
13	Playboy	2.76	2.72
14	Redbook	.08	2.43
15	The Star	35.74	3.81
16	Penthouse	3.48	1.83
17	Newsweek	31.77	5.45
18	Cosmopolitan	7.44	3.80
19	People	97.13	7.96
20	Prevention	46.02	2.05

NEWSPAPERS
By JACK COHEN
VP, Dir. of print media buying,
Doyle Dane Bernbach

Agencies review retail requirements

Several years back I did the newspaper column for this publication, and at that time reviewed for the newspaper medium the agencies and advertisers needs that must be met if national advertising linage and expenditures were to continue to prosper in newspapers.

Not only did the newspaper medium

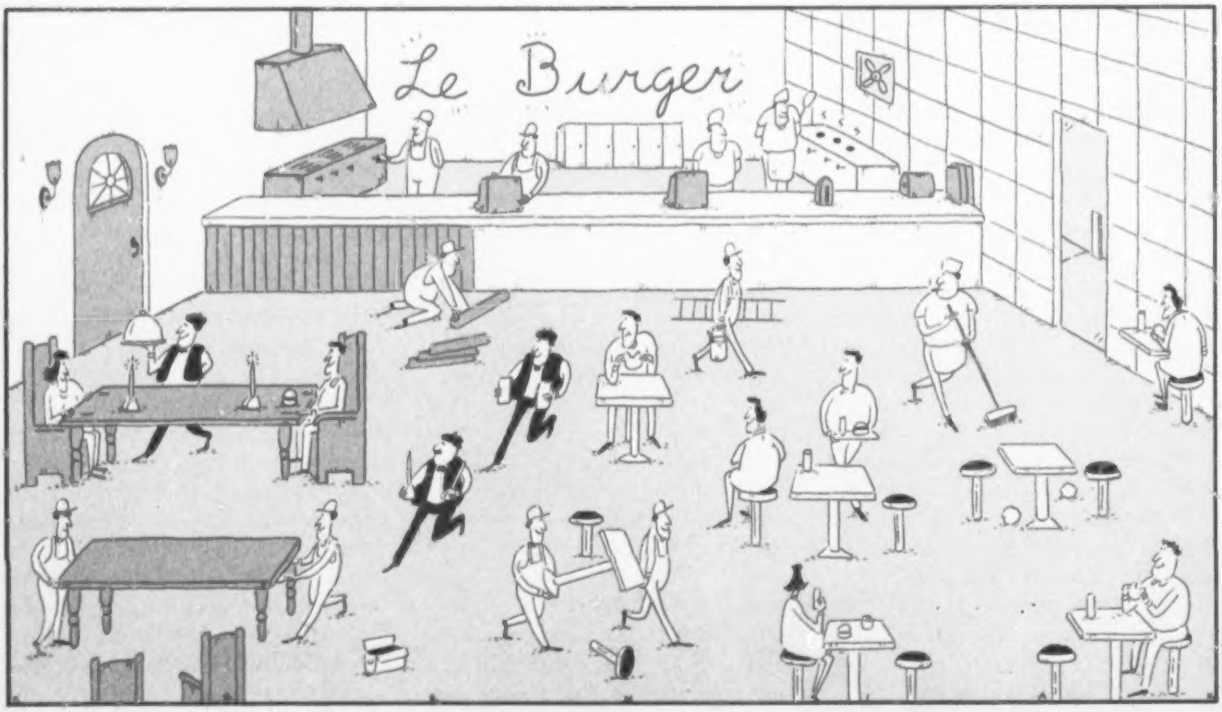
Brand report 106:
Fast food

Fast palate-pleasers tempt baby boomers

Today, 30 million people will eat a meal prepared in less than 60 seconds — just as they did yesterday and will again tomorrow. These quick munchers will propel the fast food industry past 1984 revenues of $30 billion.

These results and projections make marketers like Edward H. Rensi, president of McDonald's USA, very happy. "Advertising and marketing get the consumers in the door, but it's the product that keeps them there," he declares. Rensi and his fast food compatriots have reason for continued cheer; with the industry growing at an average 18.6% yearly clip, according to statistics compiled by *Restaurant Hospitality*, fast food isn't just keeping consumers, it's attracting new ones in droves. These marketing mavens like to credit their success to QSCV — quality, service, cleanliness and value, the formula devised by fast food patron saint Ray Kroc, of McDonald's. But social changes are also benefitting the industry. Today, households are smaller, and are increasingly composed of either single adults or working couples, who have little time or inclination to cook. Americans spend about 32% of their food dollars eating out, a proportion that has remained fairly constant for several years. But the amount spent in fast food outlets has been rising steadily — 12.3% of the total this year, from 11.3% a year ago.

Fast food chains are reacting to these changes with frantic activity. Much of the energy is focused on attracting new prospects with products that won't alienate the existing customer base. Stepped-up efforts in most fast food chains to introduce new products acknowledge a fundamental change in consumer tastes — what most analysts are calling the "diversification of the American palate." Consumers are not only responsive to new tastes, but unwilling to settle for the same type of food — hence the 25.9% sales gain in the pizza category, and the 23.8% boost to Mexican food sales. The more traditional fast food chains are responding by broadening their limited menus



Mark Ksenak

with lighter foods or with items borrowed from other categories, such as McDonald's wildly successful Chicken McNuggets. "As long as these new products are generating real growth," comments Michael Culp, an industry analyst with Prudential Bache, "that's not a bad thing."

Good ideas do not remain proprietary for long in the aggressively competitive industry. After surveying the McNugget mania, two major chicken chains — KFC and Church's — have stepped in with similar products. Consumption of chicken is rising because consumers perceive it as a healthy alternative to beef. And, happily for the fast food chains, chicken prices have remained between $.45 and $.60 per pound, as compared with beef prices, which have more than doubled.

Nor are good ideas limited to menu items: cherry-picking extends to contemplating a rival's setup. Both Pizza Hut and KFC have been eyeing upstart Domino's Pizza (1984 sales of about $500 million), whose progress has been built entirely on home delivery. Now, these two chains are testing delivery systems of their own. Furthermore, predicts Culp, if such experiments prove successful, some chains may even try limited waitressing in certain locations.

Not only does this new group of fast food faddists want different kinds of products and convenience, they also want a more attractive restaurant-like ambience. Many chains are meeting the ubiquitous baby boom generation's demands with 'upscale' outlets. The next few years promise to be good ones for interior designers: major players, including Kentucky Fried Chicken, Wendy's and Taco Bell, are in the midst of system-wide overhauls.

Underlying this vigorous trial-and-error is a fundamental change in the industry: the neat lines segmenting one type of outlet from another are blurring.

Analyst Culp notes that the chains involved in diversifying their menu may find it harder to get a succinct message across: "It raises the risk of consumer confusion," he says.

Of course, a major key to a fast food chain's success is consumer awareness. National advertising figures for the first half of 1984 indicate a sharp boost in spending across the board. The industry half-year total leaped to $442.1 million, up from $321.2 million last year. Almost all the spending went into television: $408 million this year, and $310 million last. The importance of broadcast isn't lost on newer chains. "Everyone knows you can't have a successful fast food chain without television advertising," declares Joe Edwards, managing editor of *Nation's Restaurant News*. "That's why the emerging chains cluster their units in given ADI's — to get on spot."

These emerging chains aren't only in fast growth categories. In fact, there's competition springing up in just about every segment. For the burger chains, for instance, it's in the form of 'gourmet' hamburger chains, such as Flaky Jake's and Fudrucker's, with an average ticket several dollars above the industry average of $2.50. In some of these categories, Culp points out, there's room for more competition; even with the head-to-head battles in the pizza category, neither Pizza Hut nor Godfather's quite blankets the country — yet. Both seafood and Mexican chains are still regional segments. On the other hand, he says, "with all these choices, there isn't enough business to keep all the chains alive. It isn't clear yet which ones will survive, but there will be casualties in every segment."

OUR BIG 'N BEEFY BACON DOUBLE CHEESEBURGER.
THE WHOPPER: DELICIOUS ALL WAYS.
AREN'T YOU HUNGRY?

Burger King targets adults with a balanced push behind burgers and salad.

Burgers

Say fast food, and everyone thinks burgers. With good reason: the segment is the industry's largest and most established. Annual sales of hamburger chains exceed $18 billion — more than half the industry total. Competition is tightly concentrated between the three leaders who control 80% of the market: number one McDonald's topped $9 billion in 1984; runner-up Burger King logged in at about $3.8 billion; and upstart Wendy's broke $2 billion.

Nor is peaceful co-existence in sight; in the two years since Burger King launched its well-known comparative campaign, marketing budgets have more than tripled, for a combined trio total of $800 million in 1984. This continued escalation tempts side-liners to dub every new move another round in the "Battle of the Burgers." Right now, all eyes are on McDonald's and Wendy's. Since the pugnacious number two chain resumed its "Broiling versus Frying" stance in a moderated form, the big question is whether this tack will set off another costly burger war. According to Edward H. Rensi, president of McDonald's USA, the leader will not become embroiled in hand-to-hand combat. "We've always taken the high road" he says about McDonald's advertising, adding, "ours is a class organization."

In the first go-round, Burger King's comparative campaign signaled a new, tough and ultimately successful turn for that chain. Flustered by the uncommon attack, McDonald's tried to stop the ads with a lawsuit, a blunder which did nothing but boost Burger King's profile — and sales — even further.

McDonald's, however, works from immense financial and physical strength. The chain is the envy of all, with more than 6,400 outlets in the U.S. (to Burger King's 3,800), and is pressing ahead with its expansion program. By year's end, the company will have opened another 500 stores — or, as they like to say at corporate headquarters, "one new McDonald's every 18 hours." Many of these sites will be in "half-captive" markets, such as along toll roads and on military bases. Despite the size of the system, McDonald's aims and methods have remained unchanged for years: pour money into media and maintain a wholesome, event-oriented image. McDonald's pockets are DEEP: "We spend more than $1 million a day," boasts Paul D. Schrage, executive vice president and director of marketing. Most of that is targeted at the family ("the backbone of the business," according to him), but is also being spread out to attract new groups, such as singles.

Aware that success invites complacency, McDonald's is trying to modify its approach. The stores are getting spiffed up with more "contemporary decor" in an effort to boost average unit sales past $1.2 million (the industry averages little more than half that per outlet). McDonald's may also explore the McSnack concept, a smaller unit with a more limited menu that allows the company "to get into some tighter locations," says Schrage.

McDonald's has also updated its new product testing. Though the chain has hardly been hasty with introductions — McNuggets, which now contribute about 10% to sales, was the first major lasting addition in five years — it is feeling a little heat from successful upscale burger chains. "We want to put items into stores a little more quickly than we have," admits Schrage.

The marketing strategy, as well as the menu, varies markedly at Burger King. The self-professed "bad boys of the restaurant business" will pursue a tack initiated a few years ago. Before "Broiling versus Frying," Burger King copied McDonald's in its advertising and positioning — even going after the whole family with its clown-like Burger King character. No more, says marketer Dempsey firmly: the chain's audience is definitely an adult one. Now Burger King pits its media dollars (over $120 million in 1984) against McDonald's in prime time alone, instead of spreading them into other dayparts such as Saturday morning. "They spend three times what we do, so we have to concentrate our efforts," explains Dempsey. "The family is extremely important to us," he adds hastily, but it isn't Burger King's primary focus.

While the chain is focusing on adults, it is trying to broaden out from its traditionally male-skewed profile. Fresh from the introduction of the bacon double cheeseburger, Dempsey is pondering what to do about the salad bars, which so far have been a loss leader. One possibility is to restrict them to profitable outlets.

The other major player in this segment, Wendy's, is intent on capitalizing on what has been a tremendously successful year: between the now-fa-

Media expenditures, first half 1984

COMPANY	TOTAL	MAGAZINES	SUPPS	NET TV	SPOT TV	NET RADIO	SPOT RADIO	OUTDOOR
Burgers:								
McDonald's	$106,888.5	$386.8	–	$59,949.7	$42,456.5	–	$1,596.2	$2,499.3
Burger King	67,894.0	120.6	–	25,660.2	35,552.2	–	6,163.1	397.9
Wendy's	35,051.0	15.3	–	13,968.3	20,101.8	–	193.7	771.9
Chicken:								
KFC	32,657.3	–	–	21,097.4	10,540.6	–	802.9	216.4
Church's	4,009.9	–	–	–	4,009.9	–	–	–
Popeye's	1,606.1	–	–	–	1,540.9	–	4.9	60.3
Pizza:								
Pizza Hut	27,854.4	29.7	–	8,043.8	19,347.9	–	325.4	107.6
Godfather's	4,973.6	–	–	–	4,835.8	–	127.4	10.4
Domino's	2,216.6	–	–	–	2,062.1	–	154.5	–
Seafood:								
Red Lobster	13,329.1	–	–	5,870.1	6,769.1	46.3	566.2	77.4
Shoney's	1,051.9	–	–	–	475.0	–	322.7	254.2
Long John Silver	9.359.5	–	–	–	9,297.7	–	20.0	41.8
Mexican:								
Taco Bell	16,374.4	–	–	–	12,133.6	–	3,845.4	25.2
Chi-Chi's	1,903.3	–	–	–	1,833.9	–	23.2	46.2

Source: Leading National Advertisers, Radio Advertising Bureau miliar series of "Where's The Beef?" commercials and the introduction of hot stuffed potatoes, the chain logged 15% sales increases for 1984. One unexpected bonus is the draw the television campaign has had among children — a group outside Wendy's traditionally adult audience. But William Welter, senior executive vice president, says Wendy's is "looking at changing its target." He adds that the chain is trying to be more "discriminating" about how it spends its $80 million ad budget.

Of all the players, Wendy's has been the most responsive to demographic changes. Right now, the chain is attacking on several fronts. Fresh from its assault on McDonald's — which it blind-sided with a $15 million campaign comparing its chicken breast sandwich to the processed McNuggets — Wendy's is pushing ahead at a punishing speed. A complete breakfast menu, including four omelets, a sandwich and a scrambled egg platter, have been rolling out in 1,250 of the chain's 3,000 stores. Wendy's is also testing another light menu item and an upscale dinner platter that features a meat-and-side dish combo (possibly Salisbury steak and mashed potatoes). In the midst of all this, the chain is remodeling. "It's easier to change the store structure than to introduce a new item," comments Welter of the different means to boost business. "We're getting away from the box look with a greenhouse extension." He hopes the addition will improve the atmosphere — and also fill another 30 seats. The project, set to eventually blanket the country, is budgeted at over $200 million.

Bojangles'
Famous Chicken'n Biscuits

Going upscale with Cajun cuisine.

Chicken

The $4.5 billion chicken category is in the midst of radical segmentation. The two leaders — Kentucky Fried Chicken and Church's Fried Chicken — are determined to stick it out with their traditional outlook, while smaller, regional chains such as Popeye's and Bojangle's aim for an upscale niche. KFC and Church's, whose sales together represent about two-thirds of the total, are feeling the heat of competition from outside the industry for the first time. "The chicken chains," comments Culp, Prudential Bache's fast food analyst, "viewed the nugget as unworthy of them." And, he adds, "everyone underestimated how well that product would do."

KFC, which dominates the category handily with sales exceeding $2.5 billion, is now concerned about the nugget encroachment. To retaliate, the chain is rolling out its own style of finger-food in its 4,000 stores. "We wanted to wait until the product lived up to our slogan, 'We do chicken right,' " says Richard Mayer, chairman and chief executive officer of KFC USA. That message is supported with about $70 million.

Mayer has great hopes for KFC's nuggets. He expects they will shift the emphasis away from dinner — where KFC does most of its business — and into lunch and snacking. Mayer also talks of changing the chain's audience: the nuggets will attract more working women and more children. Does the move signal a new emphasis on increased menu additions, a facet of fast food marketing KFC has neglected in the past? "Yes and no," answers Mayer. "We're by no means going into the new-product-of-the-month-club." In fact, he has fewer than five slated for trial in the next five years. Most likely, the products will have already turned up first in other chains, as the buttermilk biscuits KFC introduced two years ago did. Mayer says he is wary of getting away from "the core strategy of making the best chicken."

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Wendy's digs at McDonald's, to introduce its chicken sandwich.

While starting an "aggressive new store program" that will add one outlet every day worldwide, KFC is also remodeling its current outlets. "We're getting rid of the tacky red and white," says Mayer, "and going for image-enhanced stores," a move based, he adds, on consumer research. Now that the baby boom generation is moving into the family demographic KFC has traditionally targeted, Mayer is particularly anxious to keep that base. He is even experimenting with home delivery — in a single store in Louisville — and with limited waitressing. Some of these outlets will be "continuous tests," but Mayer doubts that the changes will "sweep the industry."

Church's, on the other hand, is focusing marketing strategy elsewhere: the $500 million chain is concerned with regional upstarts. "We're concentrating our expansion in existing markets for greater media efficiency," says Fred Gonzales, vice president of marketing. The chain spent about $8 million last year, in part for the introduction of nuggets into 1,100 stores out of a total 1,400. And this year's budget will be signficantly more — about $20 million, according to Gonzales. Why such a boost? Gonzales explains that Church's "stood still" in the 1970's, and he's determined not to be left behind in this latest round of competitive self-improvement. He wants to turn the chain's customer base into a more stable, middle class one — away from the inner-city, lower-income audience Church's has depended upon so far. The first step is to improve the image by fixing up the stores themselves — even though more than 75% of the business is take-out (compared with about 70% for KFC).

The smaller chicken chains, on the other hand, are avoiding treading in territory that might lead to a costly confrontation with burger chains. With menus that feature slightly different tastes, such as Bojangles Cajun-style spicy fare, these chains are out to prove their difference. Smaller in size, (Popeye's sales are about $250 million, while Bojangles pulls in about $120 million), they are starting to take marketing seriously. "Our strong point," stresses Lamar Berry, marketing vice president of Popeye's, "is that we have unique items." The spending plan for the $4 million ad budget calls for heavying up in the Northeast and West, where Popeye's New Orleans-style cooking has found a welcome. Since the target is "young workers," spending is split between spot television and radio: "Our heaviest users," Berry says confidently, "are a nice, strong growing segment."

Pizza

Most of the activity in this $4 billion segment wasn't in the stores last year, but in the boardrooms of the two major chains. Though Pizza Hut, the segment leader (1984 sales +$1.5 billion), is three times the size of third place Godfather's (+$350 million), both are primed for a fight. So far, the main arena of conflict has been a novel one, not only for the fast food industry, but for marketers as a whole: Godfather's dragged Pizza Hut and its agency, Chiat/Day, into court to prevent the agency from disclosing information gleaned during a pitch to its larger rival. Amid much outcry from the advertising community which leaped to Chiat/Day's defense, a California court barred agency executives from disclosing Godfather's marketing information, but freed other agency employees to work on the account.

"I could care less about Godfather's," says Pizza Hut's Arthur Gunther.

This hue-and-cry caps two troubled years for Godfather's, now trying to nurse its wounds in private as parent Diversifood attempts a leveraged buyout. Part of the problem was due to understaffing, which left many Godfather's outlets in the hands of inexperienced franchisees. This situation was exacerbated by the introduction of a deep dish product — Godfather's first new product introduction in ten years — which required a different preparation. Merrill Lynch analyst William Trainer says simply, "It was a fiasco. If this were a 100 unit chain with inexperienced management, you could understand it. But Godfather's rolled out the product to 83% of their 887 units, and then said, 'Oops.' " Godfather's declined to comment.

Meanwhile, industry analysts feel it will be another two years before the chain is back in fighting shape, leaving the field virtually clear for an aggressive Pizza Hut thrust. But Pizza Hut executives aren't cheering yet. There's still competition from local mom-and-pop operations.

Pizza Hut's outspoken president, Arthur Gunther, has big plans for the chain, and dismisses rivals such as Godfather's. "I could care less about Godfather's," he disdains. "If they catch a piece [of the business], so be it." With an eye on long-term growth, Gunther is moving on several fronts. He's counting on Chiat/Day to make a splash with a $65 million ad budget. Part of that will be targeted to the family. Gunther is also aiming to boost lunch business — mostly a singles target — where Pizza Hut made inroads with the 6" personal pan pizza, introduced two years ago.

Gunther is also planning an escalating series of openings — 200 next year, 400 the year after — in what will probably be more upscale locations than the chain has had in the past. For the past four years, Pizza Hut has been remodeling, reaching for what Gunther calls "a traditional look." But the biggest news is that Pizza Hut has been testing delivery in five markets, an idea cribbed from competitor Domino's, whose $370 million business has been built exclusively on delivery. "We're actively looking at all formats, and at the effect of cannibalization on profits," he says. Pizza Hut does about 35% of its business in take-out. Gunther is confident, but determined to proceed slowly. "There are many people looking at delivery right now — like lemmings running into the sea. It's insane. It will kill eight in ten that attempt it," he says.

Seafood

There are no clear-cut leaders in the $1.5 billion fish segment. The dismemberment of the one-time leader, Arthur Treacher's, has left the field open for chains such as Long John Silver's (1984 sales of about $600 million) and Shoney's ($500 million), but none of these relatively small operations are in direct competition with one another. Long John Silver's, for example, is established in the Middle Atlantic and is pushing toward the West Coast. Shoney's, on the other hand, is firmly fixed in the Southeast. Though there is room to grow in this category — which has been spurting ahead at about 18% annually — consumer tastes in seafood are shifting away from deep fried fish, this segment's staple, and toward lighter menu items such as seafood salad, and boiled or poached fish.

There are no clear-cut leaders in the $1.5 billion fish segment.

Nor is this switch a guarantee of success for chains. Analyst Culp, of Prudential Bache, points out that these alternatives tend to be costlier and to complicate delivery. One seafood dinner house — not a direct competitor to the fast food chains — is trying to broaden its menu in just this way. Red Lobster has seen sales eroding, say observers, who point to a low price-value relationship for the chain. New to the menu in late 1984 are lighter items, such as salad and mesquite grills. The annual advertising budget stays the same: about $25 million.

Mexican

This category was last year's sensation and, says Taco Bell's senior vice president of marketing, Larry Higby, it shows no signs of slowing down. Analysts point to the popularity of Mexican food, which boomed over 20% in 1983 and 1984, as evidence that Americans are becoming more adventurous in their food choices. "Our target audience is expanding," believes Higby. The category leader, with sales over $700 million, is pushing to cover the country; by the end of 1984, Taco Bell had opened 300 new stores, for a total of 1,900. "The basic issue," says Higby, "is familiarity and trial." Because the product is still somewhat of a novelty, the greatest acceptance is still among the younger consumers in the 12- to 49-year-old spectrum Taco Bell targets. Last year, the chain spent about $25 million behind its "Just Made for You" theme which, says Higby, allows the chain to focus on the freshness and healthiness of the menu. Taco Bell has just expanded its menu with a taco salad and a nachos platter, and is testing several other products, including more platters and "Mexican pizza."

Other successful chains in the category have opted for the dinner house format, such as Chi-Chi's (1984 sales +$300 million) and El Torito's ($250 million). Chi-Chi's has been expanding rapidly from a midwestern base, to regional strength in the East and along the West Coast. Jack Bouterac, vice president of systems and administration, says the chain has firmly positioned itself "as a dinner restaurant, not as a fast food restaurant by any means." He feels Red Lobster is closer competition than Taco Bell: Chi-Chi's will be taking advantage of "sales problems" at Red Lobster to introduce new fish items, he says.

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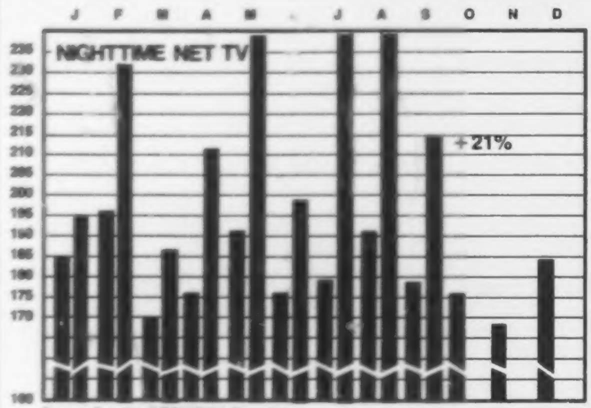
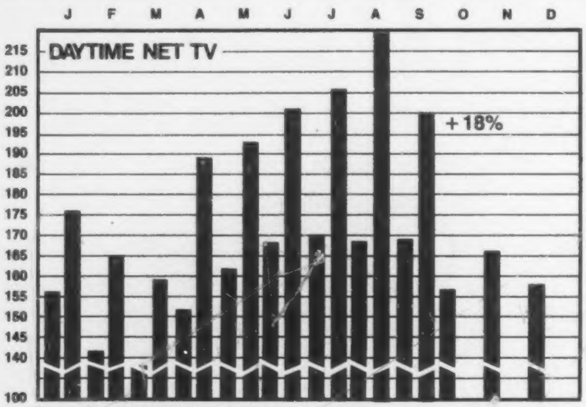
MEDIA COST INDEX

Black bars index for 1983; color bars 1984; base year 1977



Source: Broadcast Advertisers Reports



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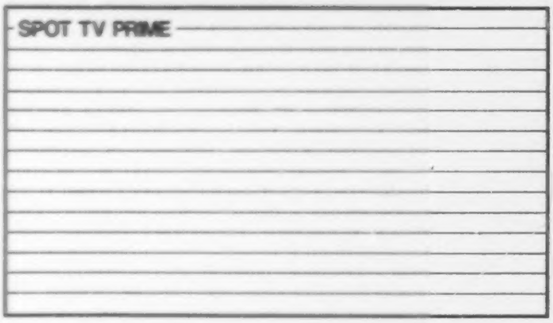
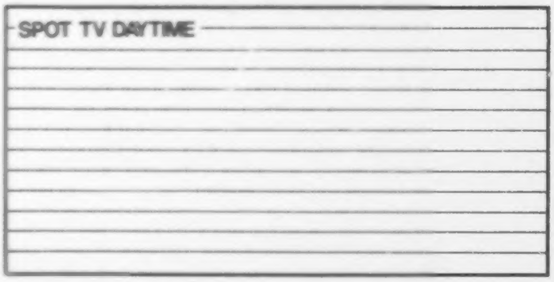
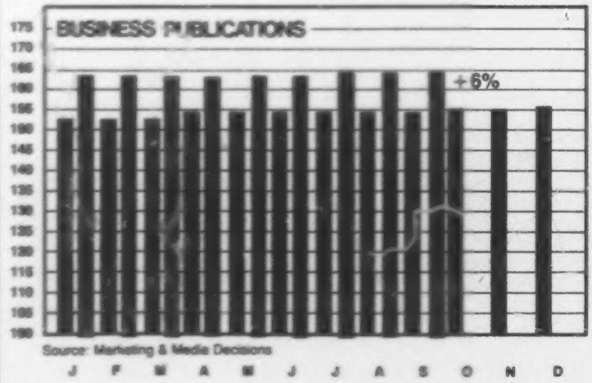






Source: Marketing & Media Decisions

Media cost changes for September 1984 do not show any surprising moves over the same month in 1983. The influence of the 1984 Olympics on television have been previously reported. The next major influence on costs will be the elections and then the principal weight will fall on television. The network picture will be covered in the Broadcast Advertisers Report. We are still without any continuing measure of spot tv.

The **network tv** cost picture is without a definite trend in both daytime and prime time — other than up. The month-over-month increases have shown an oscillating pattern. **Daytime** in September was up 18%; **nighttime** was up 21%.

The **spot radio** report from Radio Expenditure Reports for the third quarter shows an increase of 22% over the same 1983 period, slightly higher than the previous two quarters. **Network radio** shows no change.

The print media covered are all well below the broadcast media in size of increase. In September this was the picture: **magazines** — up 7%; **business publications** — up 6%; **national supplements** — up 9%; **outdoor** — up 8%.

The Newspaper Advertising Bureau is nearing home on a reconciliation technique to bring rate trend data in on the SAU basis.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

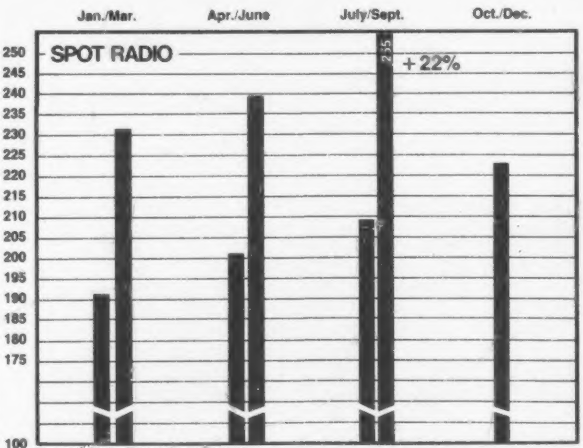
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. **Spot radio** index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

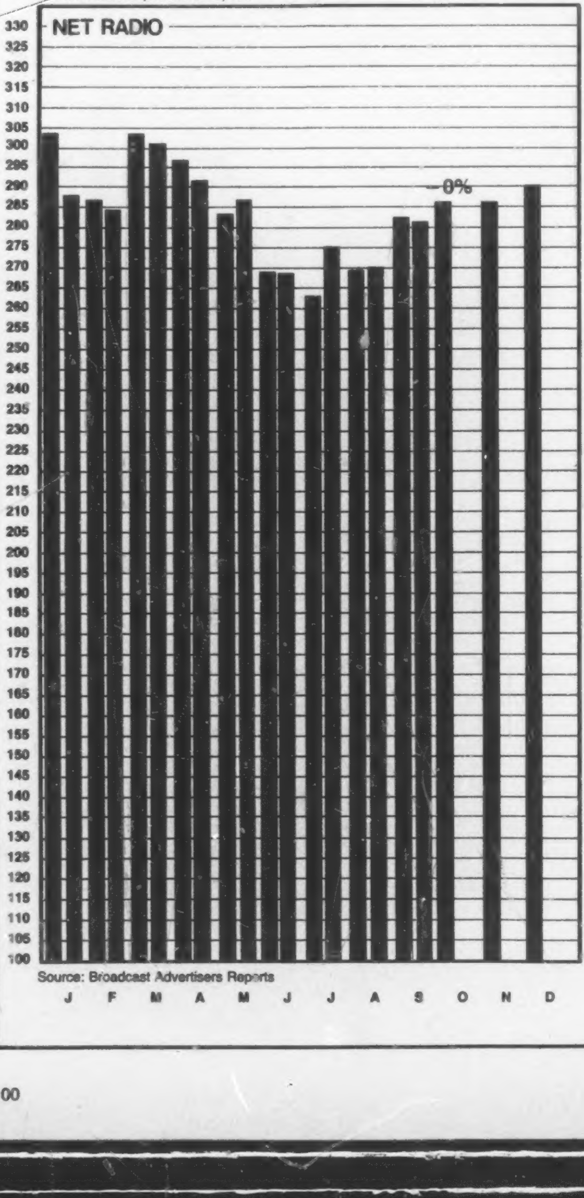
MEDIA COST INDEX (continued)

Black bars index for 1983; color bars 1984; base year 1977



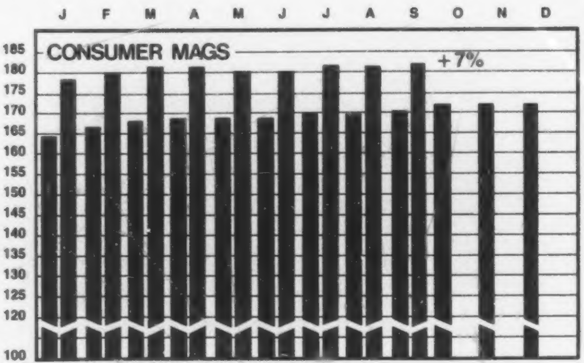
SPOT RADIO

Source: Radio Expenditure Reports



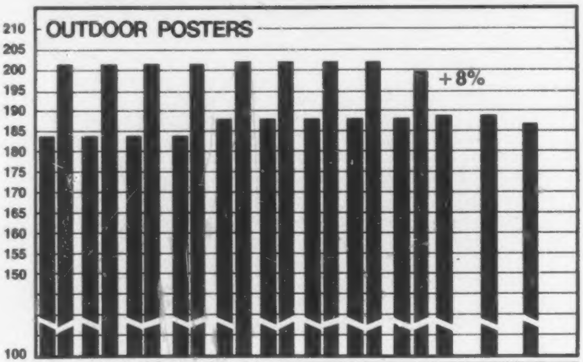
NET RADIO

Source: Broadcast Advertisers Reports



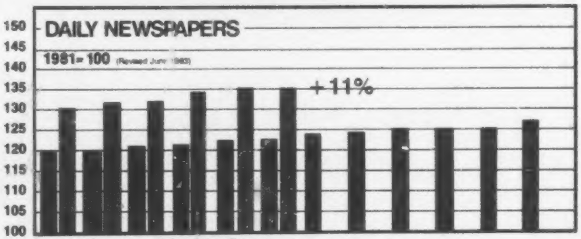
CONSUMER MAGS

Source: Magazine Publishers Assn.



OUTDOOR POSTERS

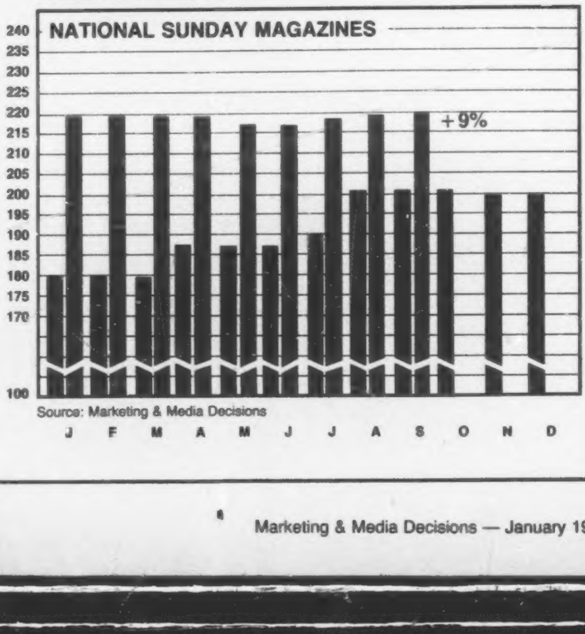
Source: Institute of Outdoor Advertising



DAILY NEWSPAPERS

1981=100 (Revised June 1983)

Source: Newspaper Advertising Bureau



NATIONAL SUNDAY MAGAZINES

Source: Marketing & Media Decisions

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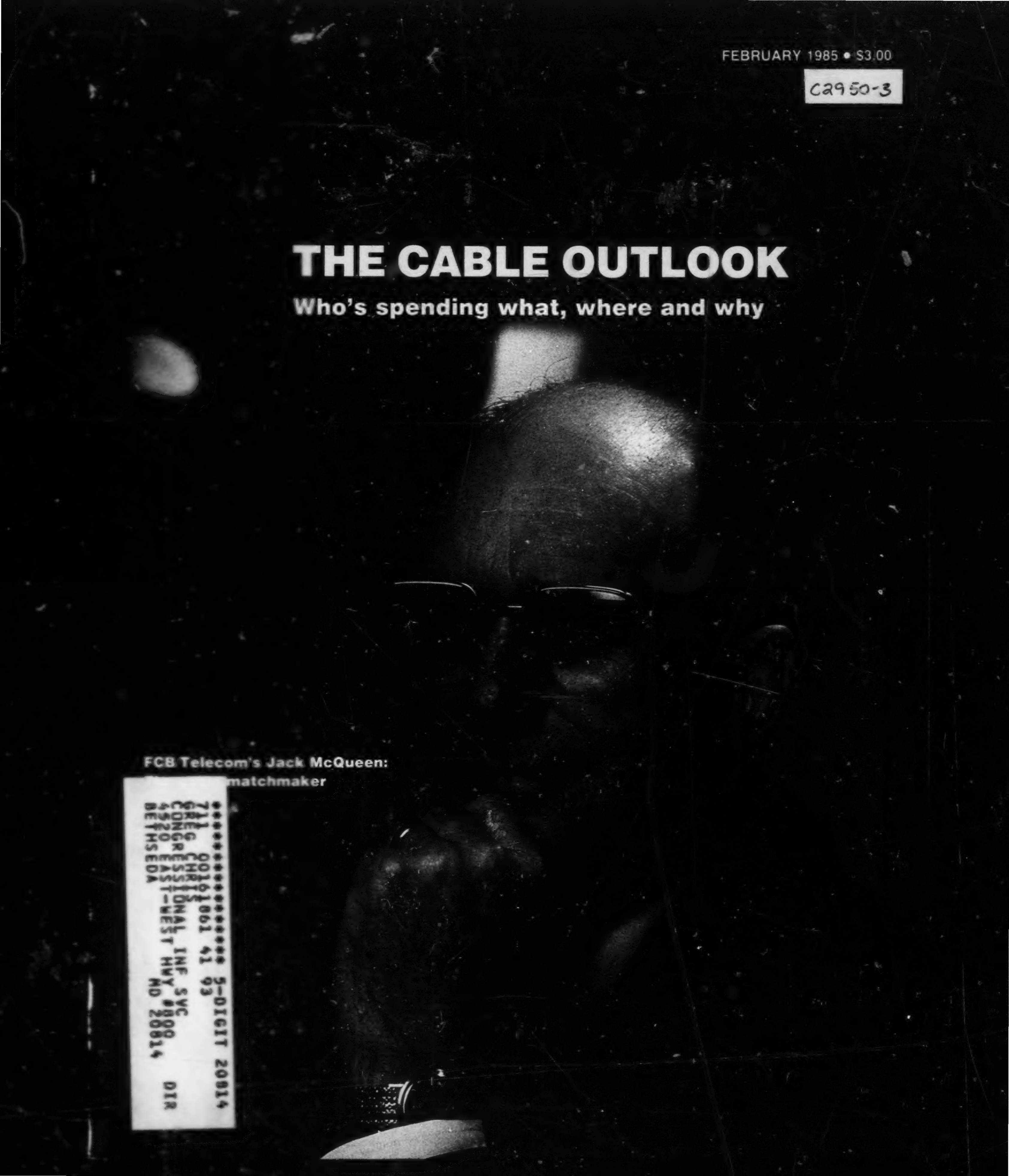
THE CABLE OUTLOOK

Who's spending what, where and why



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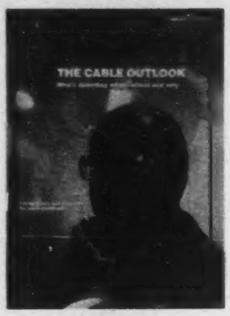

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FUTURES

Long-term media outlook

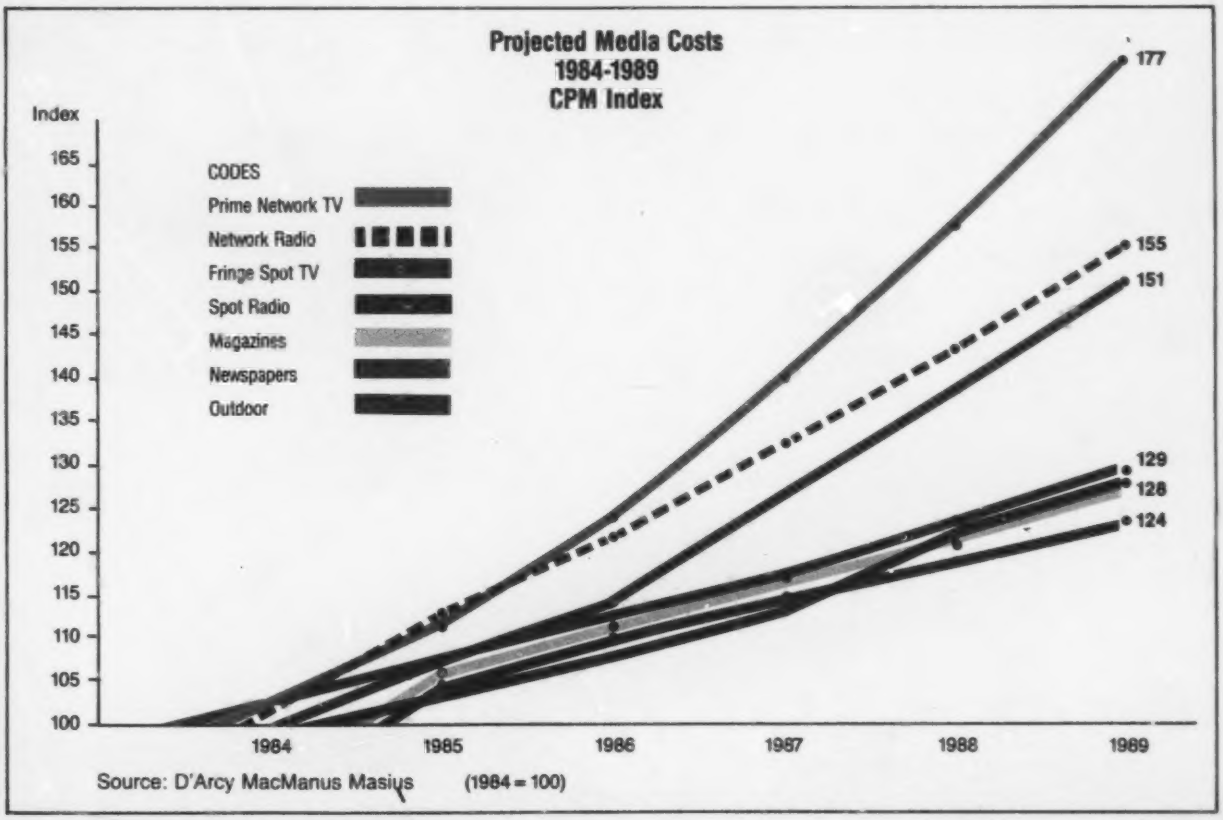
A recent study by D'Arcy MacManus Masius takes a long-term look at media inflation. Using 1984 prices as the index and 1989 as the not-too-distant horizon, director of media services, Joseph P. Zeller, projects average annual increases between 5% and 12%. The notable exceptions are, as expected, prime time and early news on network television, which Zeller predicts will increase at 15.4% and 15.6% The cost increases are on a CPM basis.

But, he notes in the report, "noteworthy is the *downward* trend in cost increases for spot radio, magazines, newspaper and outdoor — indices ranging from 124 to 129 as compared to other media ranging from 146 to 177."

The forecast, which assumes an annual inflation rate (CPI index) of 6% in 1984, 8% in 1985, and 5% for 1986-1989, breaks cost trends by daypart for network television and radio. Zeller points out that the adult population (+18 years old) will grow 7.4% in the next five years, from 167.71 million to 180.18 million. At the same time, the number of television households will grow at the slightly faster rate of 7.9% — to 91 million from a current 84.3 million. Despite this, Zeller projects a continued erosion of network television audience, which he attributes primarily to pay cable, advertiser-supported cable and independent stations.

Still, he maintains that the lack of cable programing will "allow the networks to retain their rating superiority."

Since the forecasts are based on historical data, the study does not include cable television trends. Unit costs and CPMs, Zeller points out, are being directly affected by uncertain factors such as increasing subscription and programing costs, so the report deliberately excludes measurement of "this ever-changing medium." Cautiously pegging the growth of cable at 60% by the end of the decade, DMM believes that the number of channel options and "the definite lack of quality programing" will continue to favor advertisers who depend on network television as their primary medium.



Projected Media Costs
1984-1989
CPM Index

Source: D'Arcy MacManus Masius (1984 = 100)

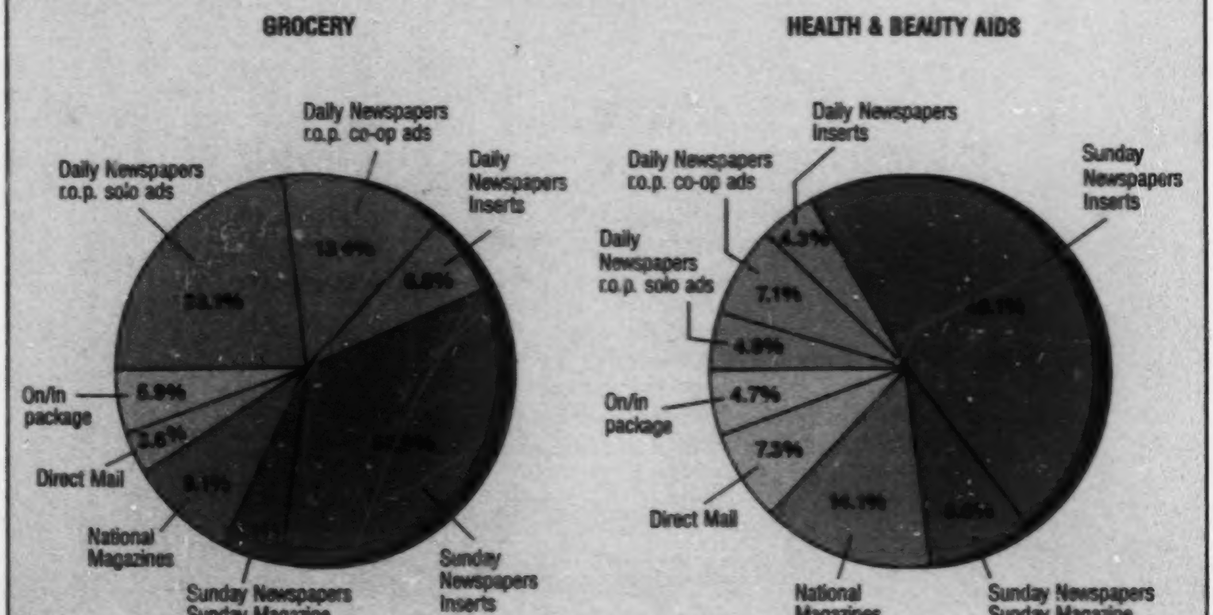
Battle of the inserts — newspapers vs. mailbox

Postal rate increases originally drove direct mail into newspapers. Now drastic postal rate concessions are wooing newspaper inserts back to the mailbox. Two main areas of contention are national coupons and retail flyers, especially from the national chains. *Decisions* looks at what newspapers are doing to hold this $1.8 billion ad bundle. In retail, they may be planning an "ace in the hole."

For some time it has been evident that the newspaper medium's most serious advertising competitor is not television, but direct mail. How to deal with this explosive competition was high on the agenda at the meeting of the International Newspaper Advertising & Marketing Executives (INAME) convention in Miami January 27-30. The points considered included:

- The Postal Service and its efforts to rebuild its third class volume by allowing three or more flyers to cohabit one mailing. This means solo mail's $74 per thousand rate becomes one third of a $76.52 four ounce rate, or a $104.52 five ounce rate. Newspapers can't meet the price of this mailbag, even with the 13.8% rise just announced for third class mail.
- How ADVO, the world's largest mailing house in Hartford, Conn., has grabbed the shared mail idea and is running with it. It has trademarked the term MARRIAGE MAIL™, and is selling the concept and its bank of 86 million household addresses to retailers across the land. For the national couponer using cooperative inserts, ADVO has set up "Network Mail™" (also trade-marked) which can saturate nearly all markets — save New York City.

How coupons were distributed in 1983



Source: Nielsen Clearing House

COUPON AVAILABILITIES IN 1985							
	Best food day		Sunday free-standing inserts			Direct mail	
	Co-op rop ads	Inserts					
During week of . . .	NCC	NCC	Blair	Valassis	Product Movers	Advo/ Blair	Donnelly (envelope)
January 6				X	X		X
13	X	X	X	X		X	
20							
27	X	X	X	X	X	X	
February 3							
10	X	X	X	X	X	X	
17			X				
24	X	X	X	X	X		
March 3						X	X
10	X	X	X	X			
17	X				X	X	
24	X	X	X				
31	X	X		X	X	X	
April 7	X		X				
14	X	X		X	X	X	X
21	X		X		[illegible]		
28	X	X			[illegible]	X	
May 5	X		X		[illegible]	[illegible]	
12	X	X		X	[illegible]	[illegible]	
19	X	X	X	X	[illegible]	[illegible]	X
26	X						
June 2	X					X	
9	X	X		X	X		
16	X		X			X	
23	X	X			X	X	X
30	X		X	X			
July 7							
14	X	X		X	X	X	
21							
28	X	X		X	X	X	X
August 4			X				
11	X	X		X	X	X	
18			X				
25	X	X		X	X	X	X
September 1							
8	X		X	X	X		
15	X	X		X	X	X	
22	X		X				
29	X	X		X	X	X	
October 6	X		X				
13	X	X		X	X	X	X
20	X		X				
27	X	X		X	X		
November 3	X	X			X	X	
10	X		X	X			
17	X	X		X	X	X	X
24	X						
December 1	X	X	X	X	X	X	
8				X			
15	X						
22							
29	X						

- The purchase by John Blair & Co., whose marketing division is a leading purveyor of Sunday newspaper coupon inserts, of ADVO, and how it has now set itself up on both sides of the street by offering both newspaper and direct mail facilities. They've already taken steps to emphasize the mail angle by cutting their 1985 newspaper couponing schedule from 28 Sundays to 20; firing some 40 executives and sales personnel in the newspaper division; building a nationwide sales force to sell ADVO/Blair's MARRIAGE MAIL™ and promising more frequent mail drops.
- ADVO/Blair's sales staff, which has spread all over the country showing local retailers this new way to afford direct mail, is getting the national chains to test MARRIAGE MAIL™ in individual markets.

August, 1983, marked a breakthrough with the chains. That was when K Mart's midwest manager, Arthur Stine, switched all the midweek mailings in his region — Kentucky, Michigan, Ohio, Indiana — from newspaper inserts to ADVO mailings. Last July in Hawaii, Stine told newspaper advertising executives the change had been highly satisfactory. He was still using newspapers on Sunday because mail can't deliver on that all-important family shopping day — but he was turning his Sunday rop ads into more colorful inserts. K Mart's four other regions have yet to follow Stine's major conversion.

A "K March" to shared mail?

Will the rest of K Mart, and the other national chains, eventually bow to Stine's lead? All of them are now using solo mailings.

Stine himself was noncommital when asked how the rest of his company felt about the shared mail test. "Our four other regions consider ADVO a sensible alternative if the need should arise," he said. As to what "need" would induce the rest of K Mart to adopt ADVO, Stine replied, "If they don't get the saturation and readership they want from the newspapers, and at a reasonable rate."

Sears Roebuck and Co., which is newspaper's largest advertiser, has adopted an equally conservative approach to the idea of shared mail. The nation's largest retailer has been putting 65% of its total budget in newspapers, 10% in direct mail, with the remaining 25% dispersed in tv, radio and magazines. Sears spends 85% of its newspaper dollars in preprints. On the subject of shared mail, a Sears spokesperson allows "at this point that medium takes an insignificant part of our budget." Although he notes shared mail is "being tested in some markets, Sears' use of mail will remain largely solo — primarily to our charge customers."

At J.C. Penney, Richard Trea, market media manager, and Michael DeRobertis, project manager-media services, outlined their respective use of newspapers and direct mail. "We run one preprint a week, which represents 60% of our local print budget," explains Trea. "We average two to six pages of newspaper rop, which takes the other 40%. Together, they add up to 85% of our total media budget.

"ADVO's shared mail is being used in a very localized manner," says Trea. "It's still being tested, and we've had very spotty results." He points out that "some markets have discontinued it while others are examining it but can't really take advantage of it, and some are in the experimental stage with it." Adds DeRobertis: "It's a very economical way of distributing — but only if you can get three advertisers into the package. All three have to agree on the same drop rate and the same area of distribution."

Retail observers point out that Penney is not an easy partner to match up with other chains. The retailer has dropped its hard lines and appliances and is concentrating instead on soft goods. Indeed, Penney's is trying to build an image for itself as a fashion store, and has hired designers such as Halston to help it stand out from the mass market chain competition.

What are newspapers doing to hold the big chains?

If newspapers want to avoid the need for an alternative, as outlined by K Mart's Stine, they must watch first, their rates, and second, their ability to cover the market.

"We're just testing ADVO; results are spotty.

RICHARD TREA
market media manager, J.C. Penney"

Newspaper rates traditionally have been criticized as the tariffs of independent operators who often enjoy a monopoly in their markets. But inserts have no monopoly; direct mail is both a local and a nationwide competitor. In recent years insert rates have risen more slowly than rop rates — one reason why rop advertisers have been converting to preprints. The cost factors most responsible for rate rises — paper, ink, printing, press room labor — are all taken care of by the finished product the preprint advertiser delivers to the newspaper. Newspapers have held a tighter rein on preprint rates, but they aren't about to offer their editorial product at the same price as the Postal Service's mailbag.

The big problem is coverage. ADVO claims its acres of computerized mailing lists cover 80% of any market. (A local presentation by ADVO's Greensboro, N.C., office claims "99% saturation of the market.")

Newspapers, on the other hand, have generally not kept up with the growth of U.S. households. In a small city like Roanoke, Va., for example, the *Times & World News* achieves 80% daily and 85% Sunday coverage. But in the big metropolitan areas, with their here-today-gone-tomorrow, one-person households, coverage is much lower. SMRB's magazine audience study which annually asks, "Did you read a newspaper yesterday?" consistently finds that 70% of all American adults did. But that includes pass-along readers who didn't necessarily receive the newspaper with its inserts. Insert users are most interested in just the home-delivered copies. Some advertisers specifically exclude newsstand copies whose unsold returns could lead to coupon misredemptions.

ADVO appears to offer the greatest flexibility to meet advertiser's individual needs. If a marketer wants to reach everybody, ADVO can offer their saturation list of 80% (or 99%). If just the ZIP codes within certain stores' trading ranges are desired, ADVO can ask its computer to retrieve only those labels. Of course, the more variations the advertiser wants, the harder it will be to find two other mailers with similar market patterns to cohabit a shared mail package.

For more than a decade newspapers have been expanding their circulation departments' numbers to help advertisers saturate every last household in their markets. They've been using a procedure called Total Market Coverage (TMC).

The Bucks County (N.J.) *Register* introduced TMC back in 1971. In an effort to get local retailers, who were mailing out catalogues, to run them also in the newspaper, *without duplication*, the *Register* put its subscription list on computer, matched it against a computerized list of the market's occupied households, and mailed the catalogue only to their non-subscribers.

The gamble was successful, a fact registered in advertiser reaction and the system's wide use. Other newspapers use TMC in different ways, though. While some mail, others are getting their delivery boys to drop just the inserts on non-subscribing homes' porches.

Newsday, primarily a Long Island-based newspaper, publishes a regular weekly *Newsday Extra*, which extends the coverage of rop ads as well as in-

Continued on page 124

Is "merge/purge" newspapers' answer to shared mail?

Both Sears and Penney's have asked that newspapers develop a custom made, total market coverage plan that would be cut to fit each retailer's charge account list. By matching subscriber and charge lists, a "merge/purge" blueprint for an efficient delivery system would result. This process could pinpoint the customers to be reached either by newspaper or mail, with no duplication. Neither chain, of course, would want two or more other mailers to use their list in a shared mail operation.

Sears has a "SNAP" project underway, which is surveying newspapers to determine which are equipped to cooperate in a merge/purge plan.

Penney's market media manager Richard Trea has asked the Newspaper Advertising Bureau's Christo Jackson to contact its list of 464 newspapers for merge/purge possibilities.

Jackson, vice president of chain store sales for the NAB, has found that many newspapers possess computerized capability. Indeed, 37 are already engaged in merge/purge programs with local retailers. Most of the others are anxious for guidance in how to start such a program. The 37 included both big and little papers ranging from Denver, Washington, Seattle, Louisville, to Racine and Waco, Texas. Four small California papers were putting their subscriber lists together to offer area retailers one efficient merge/purge.

Besides seven Penney stores and six Sears stores, the merge/purge list includes department stores such as Shillito's and specialty stores such as Ethan Allen.

In some cases, the store gave the newspaper its charge list; in others the newspaper gave the store its subscriber list; in still other instances, both lists were sent to an independent service. While confidentiality of the lists was not a problem, no store would want to let other retailers hitchhike on its customer lineup to save postage.

NAB's Jackson: "Merge/purge" is answer to "marriage".

According to Jackson, the economics of a hypothetical program work thusly:

Take a market of 100,000 households. Say the local newspaper has 60,000 subscribers. Estimate that Penney has 40,000 charge customers. Merge/purge comes up with 5,000 non-subscribing customers.

Newspaper insert (16 pages at $33 per thousand) costs $1,980.

Mailing to 5,000 non-subscribers ($74 per thousand) costs $370.

Total cost: $2,350.

Solo mailing to all 40,000 at $74 per thousand would be $2,960.

The saving is $610 weekly. For an every-week mailer like Penney, it's a bonus $31,720 annually in just this one market.

Of course, the advertiser would have to print 20,000 more inserts for the rest of the newspaper circulation. Most newspapers would cut that down by not inserting newsstand copies and geographically remote subscriber homes. The stores don't consider the newspapers' extra readers as waste. They are constantly looking to expand their charge account list, and newspaper readers in general have the same demographics as their charge customers.

With 600 newspapers already computerizing their subscriber lists and capable of a merge/purge, Jackson has proposed that the Bureau produce a manual and even the software to help a newspaper jump right in to a merge/purge operation without each one having to start from scratch.

"The possibilities are far greater than just the store's charge list," says Jackson. A newspaper can take any list that an advertiser is interested in — single family home owners, foreign car owners, what have you — and merge/purge for newspaper/mail coverage. Louisville *Courier* has even done a merge/purge to help the Kentucky Democratic Party find its non-registrants.

Jackson has been touring the country to line up mailing houses that newspapers can turn to for this operation. So far they've been working with Harte Hankes' Computer Mailing Services in Brea, Calif., and the Greater Buffalo Press' Gazette Press in Berkeley.

CABLE AD SCORECARD

A guide to the top 20 agencies in cable, by billings

Key to Abbreviations

A&E: Hearst/ABC Video Enterprise Alpha Repertory Television Service. Cultural programing, relaunched as Arts & Entertainment Jan. 1984.

BET: Black Entertainment Television. Black oriented sports, features and movies.

Business Times: Delivers the daily "Business Week" of video; offers advertisers sponsorships of magazine format.

CBN: CBN Cable Network. General interest, all family drama, sitcoms, westerns.

CNN: Cable News Network. Ted Turner's 24-hour, all-news channel.

CNNHS: Cable News Network Headline Service. Brief international and national news update.

ESPN: Entertainment and Sports Programing Network. Predominantly a sports channel with additional early-morning business news — Business Times.

FNN: Financial News Network. Financial/investments news and stock quotations.

LIFETIME: Women's service/health and fitness from Hearst/ABC/Viacom Entertainment Services.

MSG: Madison Square Garden Sports.

MSN: Modern Satellite Network. General information channel, including the Home Shopping Show.

MTV: Music Television, from Warner Amex Satellite Entertainment Corp. 24-hour contemporary music channel.

NICKELODEON: All-children's programing, Warner Amex Satellite Entertainment Co.

SIN: National Spanish Television Network. All Spanish programing.

SPN: Satellite Programing Network. Talk shows, movies, how-to's.

TNN: The Nashville Network. Country/western music, with variety, comedy and sports.

USA: USA Cable Network. Sports, women's talk shows, children's.

TWC: The Weather Channel. Landmark Communications 24-hour national, regional and local weather information with special weather features.

WTBS: Ted Turner's WTBS-TV, Atlanta, superstation.

YOUNG & RUBICAM

Ira Tumpowsky, senior vice president, group supervisor of cable and syndication

Clients using national cable:

AT&T
Canada Dry
CBS Toys
Clorox
Colgate-Palmolive
Dr Pepper
Du Pont
Ford Corp.
Ford Division
General Foods
Gulf Oil
Jamaica Tourist Bureau
Johnson & Johnson
Kentucky Fried Chicken
Kodak
Lincoln-Mercury Division
Merrill Lynch
Oil of Olay
Olympic Stain/Paint
Richardson-Vicks
R.J. Reynolds
Suzuki
U.S. Postal Service

Networks used: CBN, CNN, CNNHS, C SPAN, TNN, TWC, BET, SIN, FNN, Lifetime, MTV, USA, Business Times, WTBS, ESPN

1984 billings: $38 million
Projected 1985: $42-44 million

J. WALTER THOMPSON

Norm Varney, senior vice president, U.S. director new electronic media

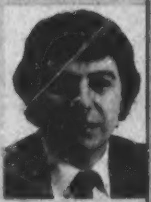
Clients using national cable:

American Gas Association
ANCO
Champion
Chevron
Computerland
Dunlop
Ford
Goodyear
Hewlett-Packard
Hyatt
Kemper
Kodak
Kraft
Lever Bros.
Locktite
Nestle
Northwestern Mutual Life Insurance
Orkin
Quaker
Ryder
Sasson
S.C. Johnson
Scott Paper
Showtime
Six Flags
Twentieth Century Fox
U.S. Marine Corps
Warner Lambert
W.F. Young

Networks used: A&E, BET, Business Times, CBN, CNN, ESPN, FNN, Lifetime, MTV, TNN, Nickelodeon, SIN, TWC, USA, WTBS

1984 billings: $19 million
Projected 1985: $25 million

BBDO



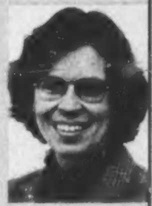
Arnie Semsky,
executive vice president,
director of media
and programing services

Clients using national cable:
Black and Decker
Campbell
Jacqueline Cochran
Dean Witter
Dodge
Du Pont
Frito Lay
General Electric
HBO
Menley & James
Pepsi
Philips Petroleum
Pillsbury
Stroh

Networks used: ESPN, CNN, USA, WTBS, CBN, TNN, MTV, FNN, Business Times, Nickelodeon, Lifetime, BET

1984 billings: $18 million
Projected 1985: $20 million

DANCER FITZ-GERALD SAMPLE



Beverly O'Malley,
senior vice president,
director of electronic media

Clients using national cable:
American Cyanamid
Ashton-Tate
Entre Computer
Florida Dept. of Citrus
General Mills, Inc.
Hanes
L'eggs
LifeSavers
Lorillard
Nabisco
Peter Paul
Procter & Gamble
Shulton
Toyota
Wrangler
Wendy's
Western Union

Networks used: TWC, CNN, CNNHS, WTBS, MTV, ESPN, Lifetime, BET, Nickelodeon, USA, TNN, Business Times

1984 billings: $18 million
Projected 1985: $24 million

GREY ADVERTISING

Alec Gerster,
executive vice president of
media and programing

Clients using national cable:
Acme
AMC
BF Goodrich
Block Drug
Boehringer Ingleheim Ltd.
Borden
Canon USA
Carter Wallace
Danskin
General Foods
Holly Farms
Kenner
Mennen
Milliken
3M
Newsweek Magazine
No-Nonsense
Procter & Gamble
Playtex
Questor
RCA Records
Remington
Shearson Lehman American Express
STP
Timex
Union Underwear
United Parcel
Warner Bros.

Networks used: CNN, WTBS, ESPN, Lifetime, USA, MTV, MSG, Nickelodeon, SPN, SIN, TNN, FNN, TWC

1984 billings: $17.9 million
Projected 1985: $18.8 million

FOOTE, CONE & BELDING

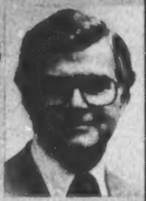
Frank Gromer,
senior vice president,
director of corporate media

Clients using national cable:
Alaska Tourism
ARCO
Armour-Dial
Bell Atlantic
Bermuda Tourism
CALRAB
Claridge Casino
Clorox
Colgate
Coors
FI Bancorp
Kraft
Levi Strauss
Mazda
Orion
Pacific Telesis
Pennsylvania Lottery
Pizza Hut
Quaker
S.C. Johnson
Sears Financial Network
Sunkist
Swift
Temple University
USNWR
Volume Shoe
Zenith

Networks used: WTBS, CBN, CNN, USA, ESPN, TNN, MTV, A&E, Lifetime, FNN

1984 billings: $17 million
Projected 1985: $22 million

D'ARCY MACMANUS MASIUS



Dick Simon, vice president, associate director of corporate broadcast

Clients using national cable:
Amoco
Anheuser-Busch
BRK Electronics
Cadillac-Pontiac
Coleman
Equitable
FTD
Mars, Inc.
Olympic Gold Coin
S.O Swisher
Whirlpool

Networks used: USA, TWC, BET, CBN, CNN, WTBS, A&E, Lifetime, FNN, MTV, Business Times, SIN

1984 billings: $15 million
Projected 1985: $20 million

SAATCHI & SAATCHI COMPTON ADVERTISING

Steve Fajen, senior vice president, media director

Clients using national cable:
British Airways
Johnson & Johnson
National Enquirer
Paine Webber
Procter & Gamble
Thompson Medical
Tyndale Press

Networks used: CBN, CNN, BET, WTBS, USA, FNN, ESPN, MSG, Business Times, Lifetime

1984 billings: $14.7 million
Projected 1985: $16 million

BENTON & BOWLES

Phil Guarascio, senior vice president, director of media management

Clients using national cable:
Corning
Digital
Emery
General Foods
Hardee's
Nabisco
Procter & Gamble
Pinkerton
RVI
Texaco

Networks used: WTBS, USA, CNN, ESPN, TWC, MTV, CNNHS, Lifetime, CBN, BET

1984 billings: $11 million
Projected 1985: $12.4 million

DOYLE DANE BERNBACH

Bart McHugh, senior vice president, director of cable television

Clients using national cable:
American Greetings
Atari
Chanel
Colombian Coffee
Diners Club
Foodway
GTE
Hershey
IBM/ISG
Michelin
Mobil
Ore-Ida
Paul Masson
Polaroid Consumer Products
Porsche-Audi
Steak-Umm
Teleflora
Universal

Networks used: MTV, WTBS, Lifetime, USA, CNN, Business Times, BET, Nickelodeon, ESPN, SPN, TNN

1984 billings: $15 million
Projected 1985: $18 million

LEO BURNETT

Willard Hadlock, senior vice president, director of media services

Clients using national cable:
Allstate
Heinz
Kellogg
McDonald's
Memorex
Nestle
Oldsmobile
Procter & Gamble
RCA
Starkist
Union Carbide
United Airlines

Networks used: ESPN, WTBS, CNN, USA, SPN, CBN, Nickelodeon, Lifetime, CNNHS, TWC, TNN, FNN, MTV, BET, A&E

1984 billings: $11.4 million
Projected 1985: $15 million

OGILVY & MATHER

Kenneth Caffrey, senior vice president, executive director of media operations

Clients using national cable:
American Express
AT&T
Campbell
Columbia Pictures
Duracell Batteries
Ex-Lax
General Foods
Kimberly Clark
Menley & James
Owens Corning
Publishers Clearinghouse

Networks used: WTBS, CBN, CNN, CNNHS, FNN, SIN, SPN, USA, ESPN, MTV, Lifetime, TNN, TWC, Nickelodeon, Business Times

1984 billings: $10 million
Projected 1985: $14 million

NEEDHAM HARPER WORLDWIDE

Wes Dubin, senior vice president, broadcast

Clients using national cable:

Capri Sun
Clorox
Dorsey Labs
G.D. Searle
General Mills
Honda
ITT
Kraft
Quasar
Ramada Inns
Rubbermaid
Sears
Shasta
State Farm Insurance
Wrigley
Xerox

Networks used: WTBS, CNN, MTV, FNN, TNN, CBN, TWC, Lifetime, USA, ESPN

1984 billings: $9 million
Projected 1985: $10.5 million

WELLS, RICH, GREENE

Bob Geis, senior vice president, corporate media director

Clients using national cable:

Ford
Liberty Mutual
MGM/UA
Midas
Miles
Mobil
Pan Am
Procter & Gamble
Ralston Purina
Wolverine

Networks used: WTBS, CNN, ESPN, USA, FNN, Business Times, MTV

1984 billings: $9 million
Projected 1985: $11 million

CAMPBELL-EWALD

Duane Keil, senior vice president, director of broadcast media

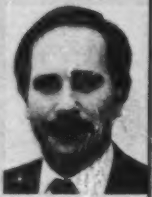
Clients using national cable:

A.C. Delco
Chevrolet
Eastern Airlines
GMAC
National Car Rental

Networks used: WTBS, CNN, CNNHN, USA, ESPN, TWC, FNN, TNN, CBN, MTV

1984 billings: $6 million
Projected 1985: $8 million

McCANN-ERICKSON



Ira Carlin, senior vice president, media director

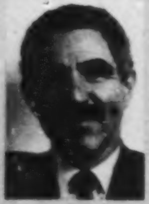
Clients using national cable:

AT&T Communications
Coca Cola
Hilton Hotels
Johnson & Johnson
Kodak
L'Oreal
National Dairy Association
Nestle
Shearson Lehman American Express
Swatch Watches
Texas Instruments

Networks used: CNN, WTBS, MTV, ESPN, A&E, FNN

1984 billings: $6 million
Projected 1985: $10 million

TED BATES



Joel M. Segal, executive vice president, director of network tv

Clients using national cable:

Carter Wallace
Cinemax
Continental Baking
Mars, Inc.
Panasonic
Prudential Bache
U.S. Navy
Warner Lambert

Networks used: CNN, CBN, WTBS, ESPN, Nickelodeon, MTV, USA, Lifetime

1984 billings: $8.5 million
Projected 1985: $10.5 million

CUNNINGHAM & WALSH

Gil Farley, vice president and tv program director

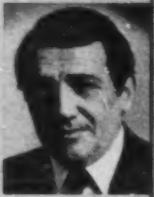
Clients using national cable:

Bank of New York
C.B. Fleet
Mitsubishi
Procter & Gamble
Ricoh
Sterling Drug

Networks used: WTBS, CNN, CBN, Lifetime, MTV, ESPN, USA, TWC, MSG, Sports Channel

1984 billings: $6 million
Projected 1985: $8 million

N W AYER



Robert Igiel, senior vice president, director of programing and network negotiations

Clients using national cable:

AT&T Communications
AT&T Corp.
Bahamas
General Motors
J.C. Penney
Seven-Up
U.S. Army

Networks used: MTV, A&E, CNN, WTBS, CBN, TWC, ESPN, Lifetime, BET, USA, C-SPAN, FNN

1984 Billings: $4 million
Projected 1985: $4.5 million

SSC&B

Jack Otter, senior vice president, director of network programing

Clients using national cable:

Lego
Mennen
Noxelle Corp.
Steak & Ale
Sterling Drug

Networks used: ESPN, MTV, WTBS, TWC, CNN

1984 billings: $4 million
Projected 1985: $4.4 million

The "nouvelle" pet food market

Cat fanciers now make up the fastest growing segment within a stable market, while health and "gourmet" positionings appeal to customers' changing concerns.

"He doesn't want dog food. He wants people *food."*

Drawing by Modell; © 1976 The New Yorker Magazine, Inc.

"This is an industry waiting for a breakthrough," says Peter Bowen, marketing manager of H.J. Heinz's 9-Lives cat food. This comment pretty much sums up the outlook for the $5 billion pet food industry: the category has matured, leaving marketers searching for ways to inject new vitality into products and advertising. The pet population — some 48 million dogs and 27 million cats who live in about half the nation's households — is barely growing. As pet food consumption stabilizes at 10 billion pounds, marketers are rolling up their sleeves to continue the battle for share of stomach. Difficult though the picture may be in terms of potential market share increases, the financial snapshot couldn't be better. Dollar volume is still growing at an annual rate of 5% and profit margins are healthy enough to tempt a steady stream of new players.

At the same time, long-term demographic trends confront Bowen and his peers with a dizzying array of changes. As more people move into cities, and as smaller households squeeze into smaller quarters, the composition of pet ownership is changing. Cats, easier to keep and definitely less perturbed by the frantic schedule of urban dwellers, are becoming more popular. "The American way of life is shifting so much," sighs Carnation's manager of new products, Hugh Chamberlain. "Only a few years ago, pet owners had *many* more dogs than cats. But cats can be left alone," he adds woefully, "and they don't eat as much." The ASPCA estimates that the number of cat owners, still only 23% of U.S. households compared with the 40% who own at least one dog, is growing twice as fast as the number of dog owners. Naturally, cat food sales are taking off: though the segment represents about 36% of industry sales, it is growing at an overall 10% rate, compared to little over 1% for dog food. Nor can the

First Half 1984 media expenditures (Company totals)

Company	Total	Mags	Supps	Net tv	Spot tv	Net radio	Spot radio	Outdoor
Anderson, Clayton	$7,330.3	$412.8	–	$1,616.7	$5,300.8	–	–	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–	[illegible]	–
Heinz	5,036.7	–	–	2,561.3	2,422.2	–	53.2	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	–
Quaker Oats	10,643.9	–	48.8	9,632.3	962.8	–	–	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$44.2	[illegible]	–

Source: Leading National Advertisers, Radio Advertising Bureau

changes be measured in numbers alone: owners are treating their pets differently. With more single person households owning pets, there is a greater dependence on the animal to be, as Chamberlain puts it, "a member of the household." A Frost and Sullivan study points out that "people spend more on their pets than they do on their babies": food purchase and pet maintenance will be a $10 billion industry by 1988, according to the report. To make matters even more confusing for marketers, buying patterns are deteriorating. Under the pressure of brand proliferation, economic instability, and hyperactive couponing, brand loyalty has virtually ceased to exist. Most pet owners feed their animals a mix of food *types*, rather than brands: dry, canned, and moist, to offer the pet a varied diet.

As a result, competition is drawn along segment lines, each of which has its own character and its own consumer profile. Canned foods, such as segment leaders Alpo for dogs or 9-Lives for cats, tend to be more expensive — the profile calls for a consumer who *really* cares what his animal eats. Dry foods, on the other hand, appeal to convenience — for the owner, that is. In between fall the moist dog and cat foods and the soft-dry dog foods, which try to straddle the fence on positioning.

Competition is tightly concentrated among a half-dozen companies. Market leader Ralston Purina has been pushing aggressively to boost its dominating 28% share by steadily rolling out line extensions, all the while flexing an impressive marketing muscle. Runner-up Carnation, with about 12%, is striking out in the opposite direction: instead of marketing mainstream products, this latest addition to the Nestlé family is hoping to forge specialty niches. The other major players — Gaines (now owned by Anderson Clayton), Grand Met USA, Quaker Oats, and Heinz — each have about 6%. A share point is worth about $50 million, depending on its composition — a sum well worth fighting for.

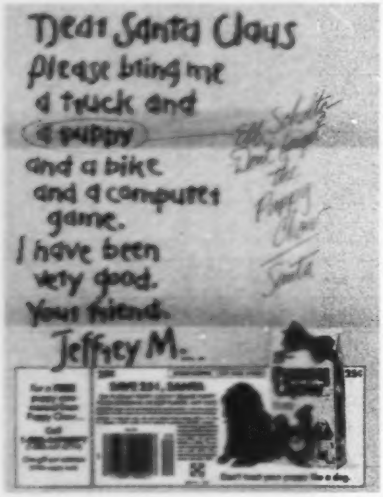
During the last recession, private label and generic pet foods carved out a large chunk of the market — 25% in dog food, 15% in cat food. Though consumers have been returning to branded products, this incursion left its mark on pricing policies. The industry as a whole, which tends to follow Ralston Purina's lead in pricing, has kept retail cost stickers relatively stable. Now, say observers, the pet food manufacturers may try a 5% boost.

Under the pressure of brand proliferation and hyperactive couponing, brand loyalty has ceased to exist.

But the most alarming outcome has been an increasingly broad price spectrum. Says Bob Cummings, an analyst with Wertheim & Co., "There have been trends in both directions — competition at the lower level and the beginning of a premium niche." He observes that price has so far been a once-a-year consideration, warning, "If the companies start competing on price basis, it will probably be harmful to all of them."

Since these companies have been facing off for such a long time, the lead brands in each segment tend to be firmly ensconsed. "Competition is stiff," concedes Frank Krum, vice president of marketing for Grand Met's Alpo division. "There isn't much room for competition under the leading brands in *any* segment," he says, adding that few new products of the past three years have paid out. In the face of product proliferation, new product activity has been abating — too many were me-too products, according to Bob McMath, who publishes *New Product Alert*. Instead, pet food marketers have been opting for less costly tactics: line extensions, such as the addition of more flavors in a cat food line; package extensions, offering the same brand in a variety of sizes; and occasionally, relaunches, to breathe new life into a sagging stand-by. Ron Morrow, an analyst with Smith Barney, points out that the established brands have maintained their foothold for so long that "new products" count as anything released in the past three years. Nor does the picture show signs of change — despite claims by marketers. Sources that monitor supermarket activity say they see few additions to this most profitable of aisles, at least in the first half of the year. Some notable exceptions are Alpo's new puppy food, slated for a February introduction, and Amore, a premium-priced contestant positioned by Heinz against Carnation's successful Fancy Feast. Most intriguing is a possible Carnation product called Extra Care which contains a birth control pill for female dogs. However, the dog food has not yet received the Food and Drug Administration's okay for public sale.

One area likely to see further development is snacks. Nabisco's leadership in the dog snack area, with Milk Bone, is tempting others to enter this $250 million segment. The latest newcomer is Ken-L Ration Snausages, from Quaker Oats, which has been introduced and backed with an estimated $5 million. Some marketers have tried to develop a snack segment for cats, but observers have doubts as to whether the $96 million segment can grow much further. As one marketing executive points out, snacks exist primarily for the consumer, who gets instant gratification from his dog when he gives the pet a snack. But cats do not tend to respond quite so joyously. Nancy Pitz, vice president of marketing at Quaker Oats, which recently fielded Pounce cat treats, believes it is still too early to tell whether there is a big market opening. "We had two months of heavy spending, then the volume didn't hold up and that's just not long enough to tell how big an emerging category can get," she says.



Faced with new competition, Ralston pushes Puppy Chow.

In the absence of a major discovery to improve taste, the most formidable barrier to entry is escalating marketing costs. Charles G. Olentine Jr., editor of *Petfood Industry*, notes that the major manufacturers are taking advantage of generics' current vulnerability by increasing promotional expenditures. Measured media also show a sharp boost. The industry is likely to spend $300 million advertising pet foods in 1985, compared to a $225 million outlay in 1983. Spending is even between media and promotion. Though the changing composition of pet owners means changing viewership patterns, the industry as a whole remains faithful to network television, which claims about 70% of media dollars. Today, most product positionings strive for a good taste and/or health image, rather than appealing to sentimentality.

Most product positionings strive for a good taste and/or health image, rather than appealing to sentimentality.

Dog food

The good news is that "dogs are holding their own" — the dog population is staying stable at about 48 million. The bad news, for some, is that consumer buying patterns are shifting dramatically. Dry dog food, at an annual level of $1.8 billion — by far the largest segment of the $3.1 billion category — is growing at about 7%. Moist ($186 million in 1983) and soft-dry ($122.8 million) haven't been faring well at all, down 27.9% and 24.7% respectively from the previous year. This change has naturally affected the fortunes of the companies competing in this category.

Ralston Purina focuses its attention on the dry segment, where it has the number one (Dog Chow) and two (Puppy Chow) brands. These two leading products, along with Cat Chow, allows the company to afford its strategy: keep a steady cash flow for rolling out new products to further its goal to increase its overall share. Marketing support is continuously rolling from one product to a new one. Praise, for example, a dry dog food introduced in 1983 with $11 million in support, captured about 3.8% of the segment before Ralston started pulling back the money. The brand's 1984 budget was about $7 million, and will be less this year. A marketing executive who insisted on anonymity says the company budgets between $3 million and $20 million for new products, depending on sales projections. So far, Ralston has bet on the dry segment, except for a single entry in the soft-dry category, Moist 'n Chunky. The strategy is straightforward — dry food users are the most stable prospects, tending to be multiple member households, with at least one pet. Consumers who buy other forms of dog food also tend to switch into dry food, for variation and balance. Some of Ralston's newer entries, such as Fit 'N Trim and Mainstay, have tried to capitalize on owners' concern for health.

With the continuous activity, Ralston is careful not to ignore its mainstays: almost all of Dog Chow's $11 million and Puppy Chow's $8 million budget goes into network television. The target leans toward pet-owning families with slightly lower incomes than the average dog owner. Lee Zingdale, media communications director, says Ralston is becoming concerned about media alternatives. "We're looking strongly at print, especially to get the light television viewer," he says.

At Carnation, says Hugh Chamberlain, marketing manager for new products, there is a heightened awareness of how changing patterns of ownership are affecting pet food consumption. "For more and more people," he says, "the pet is becoming a member of the family. As more people become isolated, the pet's importance soars." Carnation is shifting its marketing strategy in response. Support is shifting from Carnation's dry entry, Come 'N Get It, to the higher-priced, canned Mighty Dog. Indeed, Come 'N Get It, with its dog and puppy formulas targeted toward the same family audience as Ralston's Chows, had its budget slashed from $5 million in 1983, to a scant $2 million last year. Mighty Dog, on the other hand, the number three brand in the growing "gourmet/all-meat" segment, is getting a big push

Purina Dog Chow. Helping dogs live longer lives.

Ralston puts most of its budget behind long-standing brand, Dog Chow.

with what Chamberlain calls "upscale positioning." "It's become a more important brand" to the company, he explains; the budget is increasing steadily, to more than $5 million this year. A new campaign, featuring caped "Mighty Dog," touts the brand's all-meat formula.

Since New Breed, Carnation's 1983 entry in the dry segment, the company has changed its new product strategy. New Breed has not been an unqualified success. It has captured a bare 3% share of the segment, despite hefty support of $8 million in its introductory year — one-fourth of the company's total media spending. Support has since been pulled, and, says Chamberlain, "We're now looking into specialty products." The company is hoping to forge new niches that will appeal to the new type of pet owner. The product Chamberlain is most excited about, Extra Care, contains a birth control formula devised by Upjohn. "There's a very sizable market," he says, "of people who own female dogs and are concerned about unwanted pups."

Anderson Clayton, the new owner of General Foods' Gaines division, faces stiffer competition now. GF's pet food share had been slipping steadily, losing more than a share point in 1983, for a company total of 7.4%. The Gravy Train brand was doing well in the dry segment, but the two segment leaders in moist foods, Gaines and Top Choice, saw revenues fall 11% in one year. And the company never quite figured out how to revive Cycle, the multi-product brand, segmented by dog age. There are, for instance, formulations for puppies, adult, and older dogs. The problem with Cycle, says Smith Barney's analyst, Ron Morrow, "is that there are a lot of other foods, already out, that could fit all those needs. The market just isn't big enough to segment that way." Nor are observers encouraged about the new owner's chances of success on grounds GF failed to stake out and hold. Comments Bob Cummings, an industry analyst at Wertheim & Co., "General Foods was getting squeezed out — they put a lot of money into marketing and couldn't get a decent return on their investment. If GF, with all its marketing power, throws in the towel, one wonders what a company like Anderson Clayton can do."

The first thing it's already doing is giving marketing a big boost past GF levels, to an estimated $20 million this year. Most of the weight is placed behind Gravy Train, which is getting a little more than half the budget. But Gaines is also investing in an area it had let flag: the moist category where Gainesburgers dominates with one-third of the segment. Revived interest comes in the shape of the $3.5 million introduction of a new Gainesburgers flavor. Gaines' eagerness to support all its brands fully — even in shrinking categories such as moist food — underscores a harsh realization: the company is stuck with dog food as its only battlefield. Rather than venture into unfamiliar turf with a cat food introduction, Gaines is falling back on its expertise in dog food in the hopes of reviving sagging market share. Ob-

If you could buy only one TV station in Nebraska, which would you choose?

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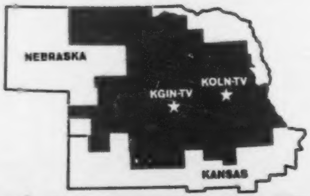

FIRST IN THE NATION
Early Fringe, Women 25-54 ....47%
SECOND IN THE NATION
Late News, ADI Homes..................49%
THIRD IN THE NATION
Total Day, ADI Homes...................34%
Early Fringe, ADI Homes 38%

KOLN-TV/KGIN-TV dominates the $3.1 billion Lincoln-Hastings-Kearney market you've got to cover if you want to cover Nebraska. Get all the facts and figures from your Avery-Knodel representative.

Television/Radio Age and Arbitron, May, 1983

A Fetzer Station

KOLN-TV/KGIN-TV
Channel 10 A CBS Affiliate Channel 11
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Avery-Knodel Television National Representatives

servers believe the company will increase its commitment to research, as it has already done with marketing.

Grand Met's Liv-A-Snaps subsidiary, marketer of Liv-A-Snaps snacks and Alpo canned dog food, is in the midst of a similar realization. "One would have to be comatose not to see the trends," notes vice president of marketing, Frank Krum glumly, referring to booming cat food sales. "But Alpo is a dog food company mainly and that was a mistake." For better or worse, the company dominates the canned food segment with a nearly 25% share — a stake the company stands to see increase as the premium price segment grows. But Krum isn't leaving anything to chance: support for Alpo is skyrocketing, more than doubling in a year to $20 million. Half the budget still goes into network television, but, says Krum, "It's becoming prohibitively expensive. We're coming back to it, but with less emphasis — the audience of women 35-54 with a family simply isn't there anymore." He points out that Alpo was one of the first cable advertisers, and also invests substantially in syndication. This year, the focus will be toward important local markets, rather than national.

Company market share, 1983

Ralston Purina	28.5%
Carnation	11.9%
General Foods (now Anderson, Clayton)	7.4%
Grand Met USA	6.0%
Quaker Oats	5.6%
Others	40.6%

Source: Petfood Industry

The company is reaffirming its commitment to dog food with a new product in a new segment for Alpo: puppy food. Alpo Puppy Food, scheduled for a February introduction, snips at Ralston's leadership in the $200 million segment with an estimated $35 million budget. A Ralston executive comments that puppy foods have come and gone — but just to be cautious, spots for Ralston's Puppy Chow are showing up in high-visibility, prime time news breaks. Positioning stresses taste, but the Alpo line has another, invisible asset: even though the brand is no longer all-meat (it includes grain) the consumer image has not changed. Nor is Krum neglecting the dry Alpo, hoping to boost its share past the current 4% with an $8 million ad budget. The company is setting aside an additional $15 million for advertising, and $10 million in promotion — just to be on the safe side.

Quaker Oats has also been having share problems, slipping from 7.7% two years ago to a current 5.5%. Analyst Morrow points out that the company has trouble building brand franchise. But other observers, such as Wertheim's Cummings, are encouraged by what they see as a renewed emphasis on marketing at Quaker Oats. Ken-L Ration, the company's strongest entry, has about 8.5% of the canned segment. But the company also has major brands in the two shrinking segments: Tender Chunks and Kibbles 'N Bits represent almost the entire $110 million soft-dry segment, while Ken-L

ST. PETERSBURG TIMES ■ SUNDAY, DECEMBER 2, 1984
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Source: Average circulation as reported by A.B.C. audit for 12 months ending 12/31/83.

Ration burgers, in the moist segment, has seen its revenues halved, to less than $45 million, and share trimmed from 33% to less than 25%. Nancy Pitz, vice president of marketing, says she has been shifting marketing budgets accordingly. While total support has more than doubled in two years, past $25 million, it is being judiciously placed behind Ken-L Ration burgers and canned food. "There isn't a great deal of emphasis on Tender Chunks these days," she concedes. The company is sure to try another push with the dry Ken-L Ration brand, the site of the company's original success. "Dry food," says Pitz, "is like breakfast cereal. Almost every dog owner uses it as a staple."

The last major player, Mars' Kal Kan division, has two strong brands: dry Meal Time with about 3% of that segment, and Kal Kan, number two in the canned segment. Marketing director Mike Nelson says positioning for Meal Time stresses taste, and for Kal Kan, the pet's health. Support is shifting from Meal Time, which gets about $13 million, to Kal Kan, which has been boosted from $8 million to nearly twice that. Nelson explains that he is eager to exploit Kal Kan's "Top breeder reputation," the health platform the brand has had for a number of years. But the company's real strength lies in cat food, where the bulk of a $50 million budget is directed.

Cat food

Cat food is the industry's big winner: as more people opt for this smaller, easier pet, the category is approaching $2 billion in annual sales. Canned cat food, the premium segment, still leads (1983 sales of $900 million growing at about 8% annually), but dry food is catching up quickly ($684 million, growing at 16.9%). Moist, on the other hand, is falling in favor — the $200 million segment is shrinking at a 7% rate. Part of the reason is the variety of flavors and brands available in canned form; another is the rising popularity of single-serving cans — the feline equivalent of human convenience food.

Taste is crucial to cat food marketers: cats are really picky eaters, while dogs will eat just about anything. And Heinz' 9-Lives — the category's largest brand — has the finicky position locked up. Morris the cat now eats the brand in canned, dry and moist form. "Most owners serve a combination," explains marketing manager, Peter Bowen. The move follows a restaging of the moist (Tender Meals) and dry (Crunchy Meals) forms, in the hopes the canned 9-Lives, with its 29% share of the segment, will help sagging sales in the other segments.

Market share by food type, 1983

Dog food:		
Dry	54.9%	$1,725.0
Canned	26.3%	827.3
Snacks	8.7%	275.0
Moist	5.9%	186.5
Soft-dry	3.9%	122.8
		$3,136.6
Cat food:		
Canned	50.5%	898.0
Dry	38.5%	684.0
Moist	10.9%	194.8
		$1,776.8

Source: Petfood Industry

The restaging is virtually a re-introduction. From a minimal $8 million behind the canned product exclusively, the new umbrella strategy calls for $10 million behind that segment, and another $12 million behind the others as of April. "We see the line approach as the best way to solidify the 9-Lives business," Bowen explains.

Heinz is also wrapping up the test for Amore, a premium price single serving cat food aimed at dislodging Carnation's Fancy Feast. Bowen feels the company is in a now-or-never position. "Competition is a factor of spending to capture market share. It isn't enough to simply grow — you have to keep pace with the industry's growth," he states. He thinks that Heinz's chances are improving. "Ralston-Purina's leadership position is deteriorating," says Bowen.

But Ralston is still going strong. Cat Chow and Meow Mix, the number one and two in dry cat food, control over 35% of the market, with new Happy Cat zooming from zero to fourth place in a year, to add another 8%. And Ralston still has the number one moist food, Tender Vittles.

Increasingly, the company is shifting brand positions to health instead of its traditional taste platform. Part of the reasoning is a reaction to Carnation's premium positioning; the other half is to find a different route to an emotional stance, targeted to the new pet owner. Ralston media communications director Lee Zingdale comments that this audience tends to be younger, more urban and certainly working. "We have to find different shows and media to appeal to this changing demographic. Usually, we do it with special programing and print."

While the total company budget is getting a boost, to an estimated $135 million, more funds are going to cat food than any other category. Out of a $120 million 1984 budget, the cat products got about $50 million support. Ralston is shifting monies away from unsuccessful introductions, such as Alley Cat, to the successful Happy Cat (a moist product), with a +$14 million budget. Zingdale says Ralston is looking for more niches to develop, and

Pet ownership by household income

	% U.S. HH	% HH owning dogs	% HH owning cats
- $9,999	23%	19%	20%
$10,000 - $14,999	14%	13%	14%
$15,000 - $19,999	12%	13%	14%
$20,000 - $29,999	25%	27%	25%
+ $30,000	26%	28%	27%

Source: Survey conducted by American Veterinary Medical Assoc.

Note: In other words, 19% of dog-owning households have less than $10,000 annual income, and 20% of cat-owning households have less than $10,000 annual income, and so on.

plans several new products this year, but so far, the trade hasn't gotten the word.

Carnation, flushed from the success of 1983 new entry, Fancy Feast, which is a canned food, is ready to go at it again. New product manager Hugh Chamberlain says the company is planning additions to the brand, which will help boost its share to as much as 10% by this year. The brand's premium price position has found favor among the segment Chamberlain likes best — pet owners who treat their animals like members of the family. The single-serving size is a plus as well for this audience, which tends to be busy, urban dwellers. This year's budget will exceed $6 million.

Carnation is also pushing its Friskies brand, a success in two categories: canned, where the brand's "buffet" line holds the number three position with about a 17% share, and dry, where as the number three, it has about 9.5% of the segment. Eager to build the brand's total share, Carnation has more than doubled its support, to more than $15 million. Friskies had once been the leader, then began losing share steadily as more brands entered the market. After an expensive relaunch in late 1983, which included free boxes, coupons, and spending that rivals estimate may have topped $45 million, the brand is back on its feet — and Carnation wants to make sure it stays that way.

Unlike Ralston Purina, which continously rolls its support from one new brand to the next, Carnation "follows a Procter & Gamble strategy," according to Chamberlain. "Each brand has to pull its own weight, and generate the profit for its advertising budget," he stresses. Well, not always. Carnation wants to see Bright Eyes, a recent introduction, take off. Despite a less than 3% share in 1983, the company put $5 million behind the canned brand. The brand, however, has yet to pull its own weight. Another brand, Fish Ahoy, which has been slipping steadily for several years, is being completely ignored by Carnation — no marketing budget at all.

Quaker Oats approaches the cat food segment with two different brands: Puss 'n Boots in canned form, and Moist Meals in a moist pack. Nancy Pitz, vice president of marketing, says the brands target the same upscale audience — but so far, they've garnered combined sales of about $42 million *without* marketing support. "We're increasing our expenditures," she says, "but most of the money still goes behind the dog foods," brands the company feels have the greatest competitive strength. Pitz adds the neither brand is likely to gain an extension into another segment — the strategy that other companies, such as Heinz, have used to build total company share. Ron Morrow, Smith Barney's analyst, comments, "Quaker Oats doesn't have a tool like Morris to carry a brand into another segment." He cautions that unless the company finds a niche, Quaker Oats will be "locked into a pattern of having to roll out new brands every two or three years."

Purina Cat Chow.
Part of a healthier, happier life.
Cat Chow has all the nutrition cats need to help them live healthier lives. In addition, veterinarians recommend it more than any other cat food.
Cat Chow
Purina
Helping pets live longer, healthier lives.

Ralston Purina, the industry's largest advertiser, stresses pet's health and long life in magazine ads

Snacks exist primarily for the consumer, who gets instant gratification from his dog when he gives the pet a snack.

At Mars' Kal Kan division, marketing director Mike Nelson says the strategy calls for a balance in spending between dog and cat food. He is particularly pleased with Kal Kan canned cat food, which has unseated Carnation's Friskies Buffet for second place. "There's a lot of long-term potential for main meal canned food — and the cost per share point is much less than in the dog food category."

Competition in this growing category isn't quite as tightly concentrated around category leaders as it is in dog food; also, spending levels aren't as high — yet. Dog food brands tend to be older and more established, and manufacturers have, until now, put their marketing weight into this larger piece of the industry. Heinz, for example, spent about $8 million behind canned 9-Lives last year, the segment leader with nearly 29% — compared with Alpo's $11 million for a 24% share of the canned dog food segment. Spending behind Kal Kan is inching upward past $8 million for this year. "The wet [canned] category has changed dramatically in five years," comments Nelson, pointing to increasing segmentation within the group. "There are two price cutoffs now, a super-premium, and a bottom price point that had been growing rapidly but is flat now."

Also going strong is dry Crave, one of the few dry brands positioned aggressively against the young urban pet owner. Nelson elaborates: "We position it to people who want the convenience of a dry product, but we emphasize taste, because users tend to be households concerned with that." Support is steadily increasing, to an estimated $9 million in 1985.

Laura Konrad Jereski

Continued from page 68.

serts. This is delivered once a week, together with preprints, and hung in plastic bags on the doorknobs. (No one but the Postal Service can use the mailbox.)

More and more newspapers are TMC-ing for advertisers who want saturation coverage. Five years ago, 40% of the newspapers quizzed by the International Circulation Managers Association (ICMA) reported that they were making TMC available. By 1983 that figure rose to 73%. Ninety percent said they planned to have TMC by the end of 1985. A 1984 survey by the Newspaper Advertising Bureau showed 600 U.S. dailies now offering TMC.

For the upscale retailer who isn't interested in reaching every last home in town, a number of newspapers have designed *Selected* Market Coverage, which saturates all but the low income areas of the market.

Newspapers are offering other forms of "selective saturation," too. "Zoned editions" allow the retailer, who has just one store, to target that part of the market which frequents his emporium. But even chains like the preciseness of zoned editions. Notes Penney's DeRobertis, "We use zoned editions 80% of the time."

These forms are usually available just for preprints, making it a stuffing operation that doesn't stop the press. A small number of newspapers, such as those in New York, the Kansas City *Star*, and Columbus (Ohio) *Dispatch*, run extra zoned pages with neighborhood editorial items. This allows for zoned rop advertising.

The big chains use ZIP codes to measure each store's trading area, and have been asking newspapers to break out their circulation by ZIPs. The Audit Bureau of Circulations board has decided to make ZIP designation mandatory, but hasn't yet set a date for compliance. However, nearly 100 newspapers already show their circulations by ZIPs.

The ultimate in selectivity: "merge/purge"

Direct mail has the ability not only to saturate a market, but also to pinpoint any group you want within the market. ADVO/Blair has available a library of lists — geographic, demographic, even psychographic — that can direct your mail piece to just the prospects you want. Newspapers, on the other hand, sell you a mass audience which you must buy in order to reach those interested in your product.

But when you custom-make a list for an advertiser, you have to custom-mail it, too. That means solo mail at the expensive $74 per thousand. It may be hard finding two other mailers who want that same list unless they're direct competitors. And when the list is your own charge customers, who wants to share that?

Shared mail is draining inserts from newspapers; newspapers are fighting back with made-to-measure ads that can't be "shared."

"Merge/purge" is what the newspapers hope is their trump card in the battle against shared mail. (See sidebar, page 68.)

Now to those coupons

Direct mail has been playing a minor role in the national advertiser's distribution of coupons (see box). Over the past three years it has grown to 3.6% of grocery coupons and 7.3% of health and beauty aid coupons. These are 1983 Nielsen figures. ADVO's "Network Mail™" was available only in the second half of 1983.

Will direct mail couponing take off in 1985 with the help of "Network Mail™"? The John Blair Company is doing its best to accomplish this. Up to now, Blair Marketing has been the biggest newspaper distributor of coupons, but it's chopped its 1985 schedule from 28 Sundays to 20. At the same time the ADVO division will be increasing its mailings from 22 to an unannounced number. Blair hopes to make the coupon carrier the wraparound for its MARRIAGE MAIL™ packages.

One thing a mailed coupon insert can't do: it can't deliver on Sunday, which has become the advertiser's most popular day for dropping coupons in the family's lap. All of the other coupon inserters are increasing their schedules for 1985 and insist they have no intention of converting to direct mail. James Widman, president of the George Valassis Company, a leading co-op coupon vendor, says he's going from 24 Sunday inserts in 1984 to 26 in 1985 and 28 in 1986. "We see a continual growth," he says, "and we're advising our advertisers of 1986 because they plan their promotions far ahead."

Marketing Showcase Inc., which produces Sunday's Product Movers insert, will increase its schedule from 18 in 1984 to 24 in 1985. It has already scheduled 24 for 1986. "Business is up substantially for the first quarter of 1985," reports MSI's Kent Hobby.

Activity on Best Food Day (usually Wednesday) will be stepped up, too. Newspaper Co-op Couponing, which gangs up coupons in both rop ads and mid week inserts, will increase its newspaper buys to $100 million in 1985 from $80 million in 1984, according to president Tom Reddy. "We scheduled 24 rop ads for 1984, but had to add six extras in the last quarter," he states.

National advertisers who have already committed themselves far in advance to newspaper inserts are nevertheless watching the new "Network Mail™."

"We view both newspaper inserts and 'Network Mail™' as viable options," says Pillsbury's Mal Douglas. "We use both and will continue to use both."

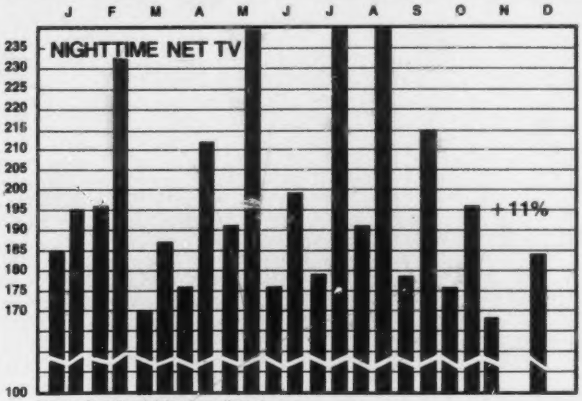
General Foods' William Shaw says: " 'Network Mail™' is a small piece of the action — it's a vehicle that needs to be proven. It doesn't even run every week." Shaw notes that GF is a big user of direct mail through Donnelly's envelope couponing.

The fact remains that newspapers are facing a formidable competitor. Direct mail is the fastest growing of all advertising media. It has increased its share of the advertising pie in the past five years from 13.8% to 15.6%. In that same period newspapers have dropped 1% from their top-ranking 28.1% to 27.1%.

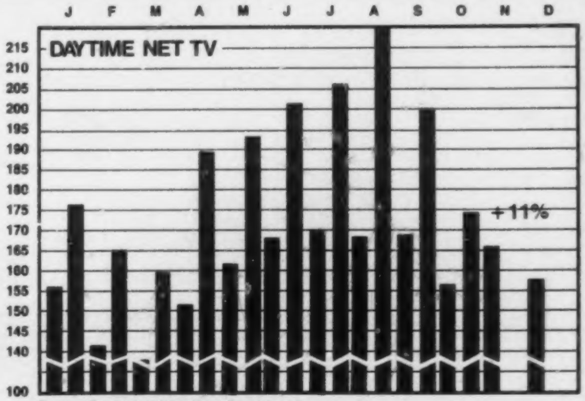
Lionel Kaufman

MEDIA COST INDEX

Black bars index for 1983; color bars 1984; base year 1977



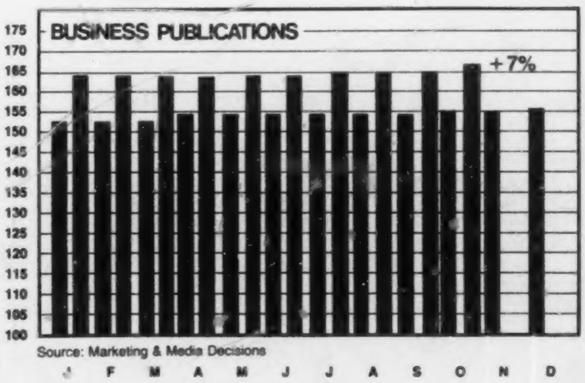
Source: Broadcast Advertisers Reports



Source: Broadcast Advertisers Reports

SPOT TV PRIME

SPOT TV DAYTIME



Source: Marketing & Media Decisions

Month-over-month rate changes for October in the network broadcast media covered in the Decisions Monthly Cost Index show sizable departures from the September readings. **Network radio** was up 4% in October after "no change" reports for August and September. **Network television, daytime** and **nighttime,** each show an 11% increase, down from +18% and +21%, respectively, in September.

Among the print media reported on, the picture is one of ups and downs.

An increase of one point for October (from +6% to +7%) is reported for **business publications. Magazines** held at the September level (+7%), continuing the downward trend in evidence since January when the month-over-month change was +10%. **National supplements** are holding at the +9% level since August. This will probably continue through the rest of the year as new rates are not expected until January. A decrease of two points (from +8% to +6%) is reported for **outdoor,** extending the downward trend from the January report of +10%.

The Newspaper Advertising Bureau is continuing its efforts to reconcile the current SAU-based rates with the previous cost schedule. The spot tv index still remains in limbo, awaiting a new run of data from Broadcast Advertisers Reports who have to adjust the old series to an increased sample base.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

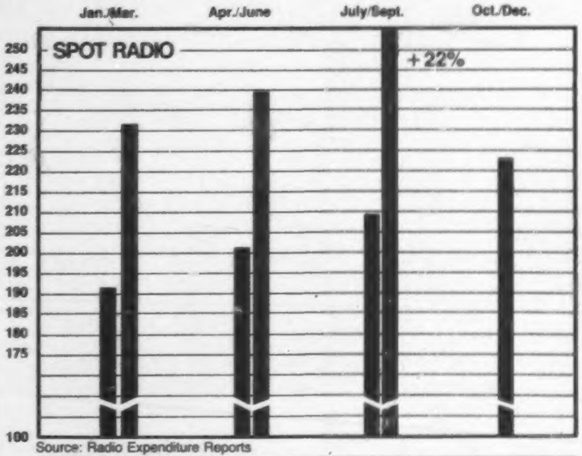
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer **Magazine** estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. **Spot radio** index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

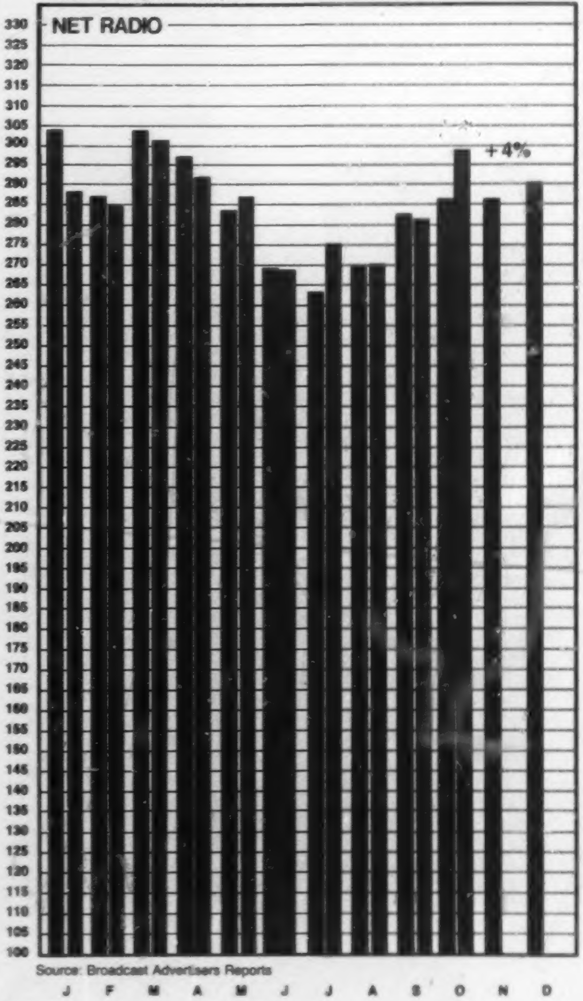
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

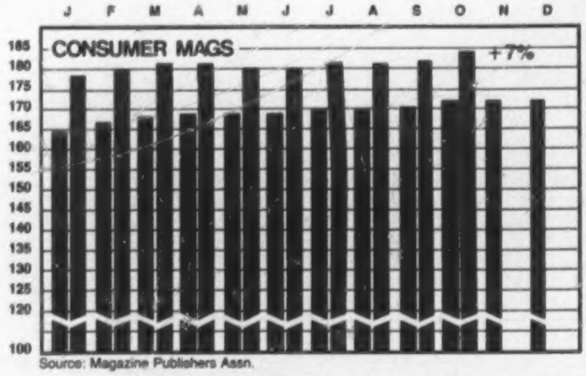
Black bars index for 1983; color bars 1984; base year 1977



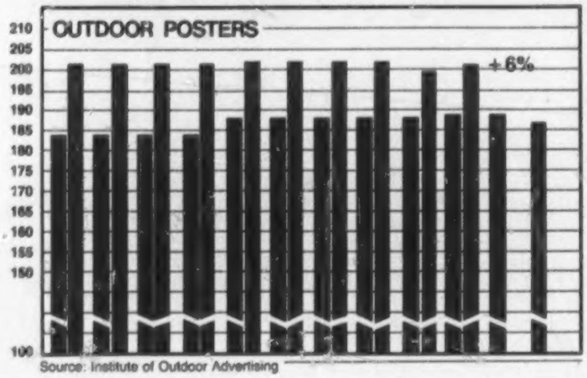
Source: Radio Expenditure Reports



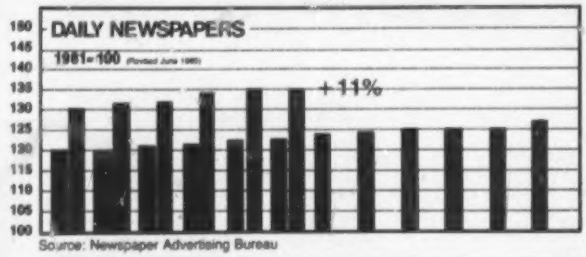
Source: Broadcast Advertisers Reports



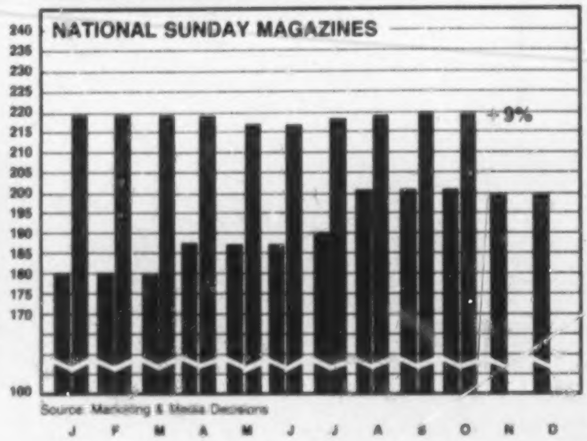
Source: Magazine Publishers Assn.



Source: Institute of Outdoor Advertising



Source: Newspaper Advertising Bureau



Source: Marketing & Media Decisions

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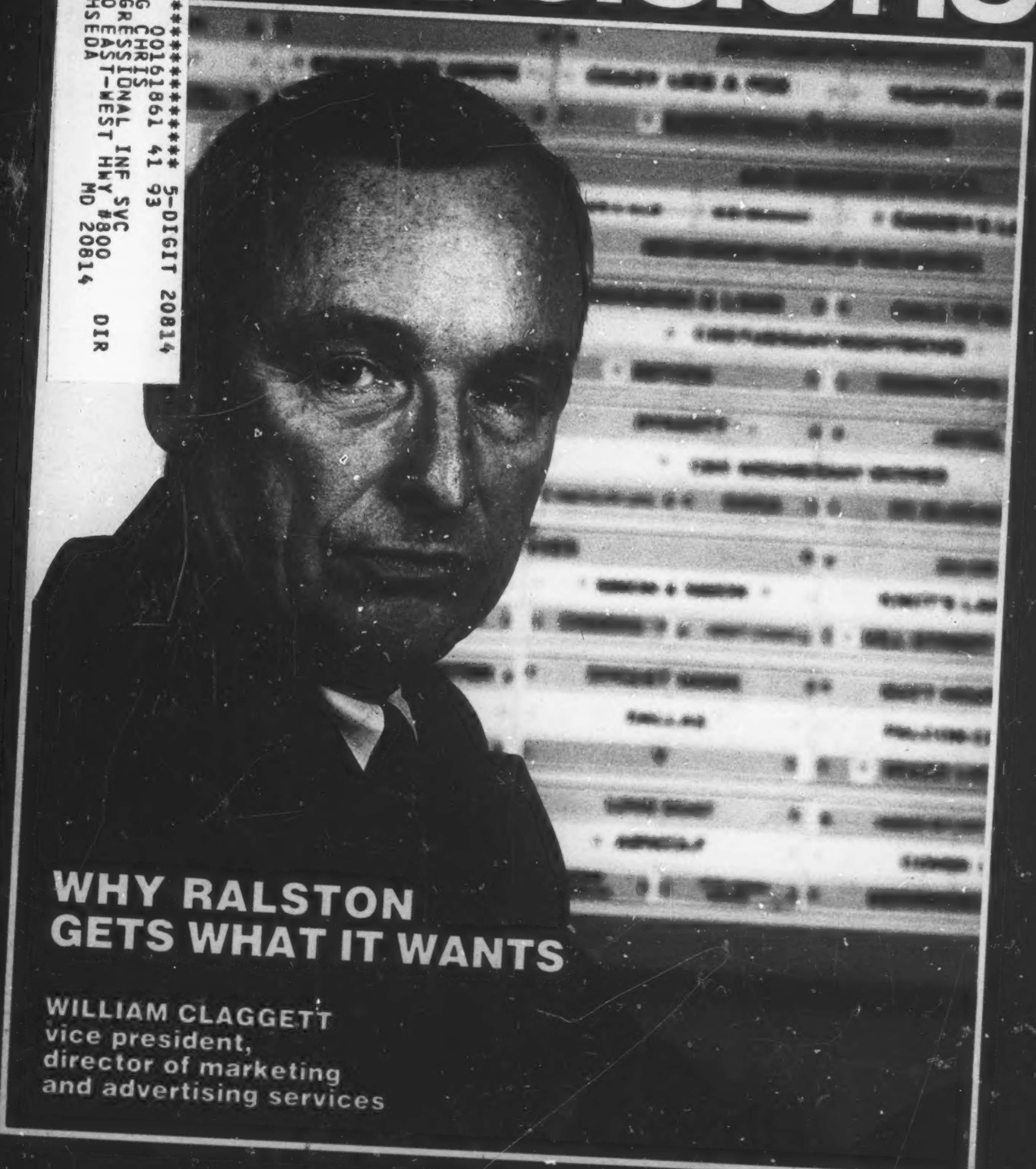
BETHSEDA MD 20814 DIR



WHY RALSTON GETS WHAT IT WANTS

WILLIAM CLAGGETT
vice president,
director of marketing
and advertising services

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vice president and director of marketing
and advertising services, Ralston Purina

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FUTURES

Gauging social effect of working women

The working woman and her needs have been under the lens of sociologists, economists and market researchers with alarming frequency recently. Latest on the lists of studies is a poll conducted by R.H. Bruskin, the New Brunswick, N.J., market research firm, studying the effect the growing working woman population has had on the quality of life. Based on a national sample of 1,000 men and women, the working woman is having the greatest positive effect on "buying better goods and services," and the most negative influence on the "manners and discipline of children."

Woman rate their economic value slightly more highly than men do: about 84% of women believe working women increase the nation's interest in buying better *and* more goods and services, compared to 76% of men sampled. The effect on personal relations seems a greater matter of controversy — only half the women polled believe that women who work tend to have better relationships with friends and neighbors, and their spouses. Men tend to be even less positive. 47% of those polled said that women who work outside the home have improved relationships with friends and neighbors, while 46% believed it helped the marriage.

But the most interesting appraisal is of the way children are being raised. Working women seem to be having a

**WORKING WOMEN
AND THE QUALITY OF LIFE**

	TOTAL				MEN				WOMEN			
	POSITIVE	NEGATIVE	NO EFFECT DON'T KNOW	POSITIVE NEGATIVE DIFFERENCE	POS.	NEG.	NO EFFECT DON'T KNOW	POS. NEG. DIFF.	POS.	NEG.	NO EFFECT DON'T KNOW	POS. NEG. DIFF.
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Source: R.H. Bruskin Associates, Market Research

FUTURES

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recognized impact on the household's economy but to the detriment of children's behavior — fewer adults found a negative impact (43%) overall, than when questioned about children's manners specifically (46%). In a similar pattern, evident throughout the study, women have a greater tendency to rate their impact positively than men do. For example, 46% of women cite a positive effect on the way children are being brought up, compared with a scant 37% of men.

Demand for convenience crosses the Atlantic

Europeans are increasing their demand for fast food, convenience foods, frozen meals and snacks, according to a study by Frost & Sullivan, the New York-based market research firm. Europe is affected by the same demographic trend sweeping the U.S.: "a static but aging population" coupled with "an increase in the number of one- and two-person size households." At the same time, the number of retail outlets is declining, as traditional food shops, such as bakers, butchers and fish stores, are replaced by larger, convenience-oriented supermarkets.

The report — which tracks trends in England, West Germany, Holland, Belgium, Switzerland, France and Italy — predicts a boom in new product introductions, in such areas as frozen desserts, snacks, and cold drinks. The same emphasis on leisure time that is gripping the U.S., predicts the study, is sweeping Europe, promising a boom of instant meals and soups, among other relatively new product categories.

Yet the failure rate in Europe could very well exceed the U.S., where about 80% of new products fail: Out of an estimated 10,000 launches in the seven national markets, "somewhere around 3% are commercially successful," according to the report. The calculation is based on previous studies in the U.K.

Long-term media outlook

A recent study by D'Arcy MacManus Masius takes a long-term look at media inflation. Using 1984 prices as the index and 1989 as the not-too-distant horizon, director of media services, Joseph P. Zeller, projects average annual increases between 5% and 12%. The notable exceptions are, as expected, prime time and early news on network television, which Zeller predicts will increase at 15.4% and 15.6%. The cost increases are on a CPM basis.

The forecast, which assumes an annual inflation rate (CPI index) of 6% in 1984, 8% in 1985, and 5% for 1986-1989, breaks cost trends by daypart for network television and radio. Zeller points out that the adult population (+18 years old) will grow 7.4% in the next five years, from 167.71 million to 180.18 million. At the same time, the number of television households will grow at the slightly faster rate of 7.9% — to 91 million from a current 84.3 million. Despite this, Zeller projects a continued erosion of network television audience, which he attributes primarily to pay cable, advertiser-supported cable and independent stations.

Since the forecasts are based on historical data, the study does not include cable television trends. Unit costs and CPMs, Zeller points out, are being directly affected by uncertain factors such as increasing subscription and programing costs, so the report deliberately excludes measurement of "this ever-changing medium." Cautiously pegging the growth of cable at 60% by the end of the decade, DMM believes that the number of channel options and "the definite lack of quality programing" will continue to favor advertisers who depend on network television as their primary medium.

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UPDATE

Setting the record straight

In our January story on a computerized approach to planning and newspaper space ("A Shortcut for Newspaper Buying"), we neglected to mention that in addition to Doyle Dane Bernbach and sales reps Story & Kelly-Smith and Sawyer Ferguson Walker, Gannett Media Sales and Knight-Ridder Newspaper Sales are members of the consortium. Knight-Ridder, which has been with the service from inception, provided the data base and financial assistance to the project, as did Story & Kelly-Smith. Gannett and Sawyer Ferguson Walker joined in 1984 to help provide quarterly updates of the data base. The rep firms were enlisted to aid in compiling the data base while DDB developed programing for the system.

The data, which includes ABC circulation figures and pricing, was made available for the top 50 markets in April, 1984, and covers 850+ newspaper publishing companies. The data for all 210 ADI's was made available in early January. Because of the involvement of the time-sharing companies IMS and Telmar, the data will be broken out by DMA as well as ADI. To be included in the data base, a newspaper must have at least 1% household penetration (or coverage) of the ADI and 10,000 circulation, or a total of 25,000 circulation. In the initial test, the preparation of the list and the compilation of circulation and cost data was reduced from 35 to three hours. The system, designed in part to supply more detailed research and qualitative data, also included the SRDS 8-digit media code as part of its data base.

The consortium is making the service available to ad agencies, charging no fee through June 30, 1985; however, there is the on-line charge of the time-sharing companies.

Licensed products pass $40 billion mark

Licensing was big business in 1984, with the year posting out at an estimated $40.1 billion worth of retail sales on licensed products. (See *Marketers take license*, September 1984, pg. 72.)

That's the news from The Licensing Letter, which reports that sales in 1984 represented a 50% increase in sales over 1983 expenditures. In fact, 1984 was the seventh consecutive year of vigorous growth for the industry.

The gains, too, reflect growth "right across the board," notes Arnold Bolka, The Licensing Letter's publisher. Bolka, who believes that licensed merchandising will be "the marketing pizazz of the 80's," foresees growth at a rate that will elevate retail sales of these items well beyond the $75 billion mark in the next five years.

The Licensing Letter's survey breaks out licensed product sales over nine major categories (see chart).

Licensed product sales, 1984

Category	% of Total Sales	$ (billions)
Apparel/Accessories	38%	15.238
Computer/Video Programs	1%	0.401
Foods/Beverages	5%	2.005
Gifts/Novelties	11%	4.411
Health & Beauty Aids	3%	1.203
Home Furnishings/Housewares	7%	2.807
Publishing/Stationery	12%	4.812
Sporting Goods	2%	0.802
Toys/Games	19%	7.619
Miscellaneous	2%	0.802

In-store couponers go bananas

Another in-store coupon distributor has entered the supermarket fray. (See *Coupons go in-store*, November 1984, pg. 78.) Last month a new program called ACTNOW kicked off in 26 major markets, distributing booklets of manufacturers' coupons to shoppers as they entered the supermarket.

ACTNOW uses uniformed representatives to hand out the coupon booklets to customers, as opposed to some of the other services like The Coupon Counter which distributes coupons via machine. In the two weeks of its February coupon drop, ACTNOW distributed 10 million coupon books in 5,000 supermarkets, representing more than 125 major food chains. In May, ACTNOW will conduct its next drop, with three more drops to follow during the year. ACTNOW has attracted some leading food and package goods manufacturers, among them General Mills, Nestle, Quaker Oats, Nabisco, Kimberly Clark and Coca-Cola.

Meanwhile, The Coupon Counter will be expanding into 55 markets by

Continued on page 42

The greening of the maturity market

You remember the "Me" Generation that turned into the "We" Generation. Well, get ready for "US" time. The Ultimate Society — those over age 55 — are active, affluent and outpacing younger counterparts both in numbers and opportunities.

Move over, baby boomers. It's time to pay a little respect to your elders.

In marketing departments everywhere, researchers are hailing the over-55 age group as the "new" target generation. And the reason is obvious to anyone who looks at this group's vital statistics. The 55-plus age group currently numbers about 48.3 million people, or 21% of the population. By the year 2000, one out of four Americans will be in this group, and that's when the real growth will begin. As the baby boomers cross the 55-year-old age line beginning in 2001, the category is expected to grow by 23% in the next century's first decade, followed by a 6.8% jump from 2010 to 2020. Is it any wonder that "old" is "in" with marketers?

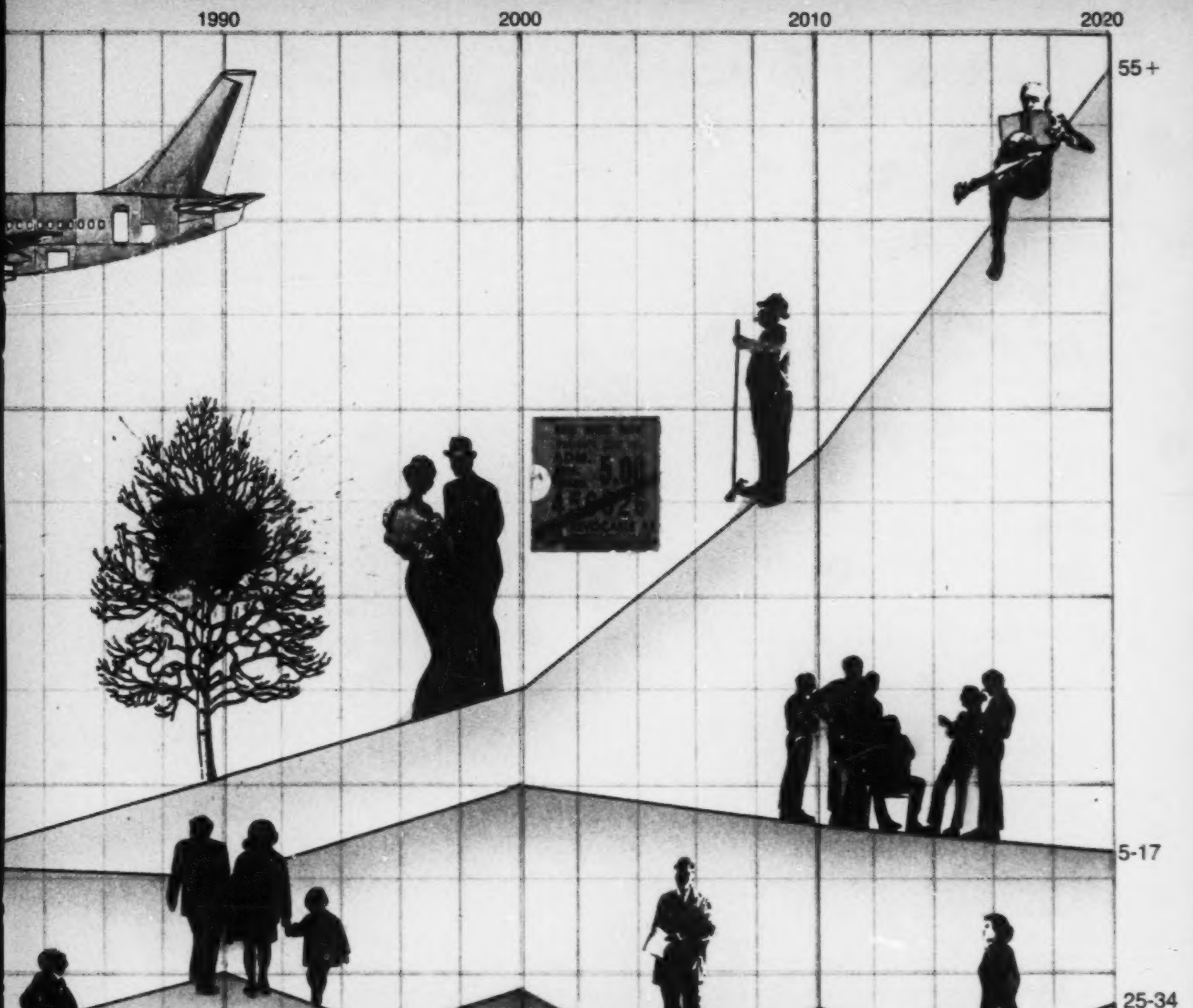
More significant than the numbers, however, are the changing lifestyles of this age segment. Armed with lots of disposable income, and sensibilities formed by society's premium on health and fitness as well as self-gratification, this Ultimate Society is insulted by old-age stereotypes that are quickly becoming outdated. Today's grandma is more likely to be found perched on the porch of her Florida condo, walking the deck of a transatlantic cruise, or doing time on her Exercycle than watching the sunset from a rocking chair.

Norman Goldstein, the director of marketing services at Jordan, Case & McGrath, believes that the stereotype of the feeble-minded elderly is breaking down so fast that the over-55 group should not be segregated in marketer's plans by age differences alone. "Today's 55-plus population is much more willing to experiment than their predecessors of a decade or two ago. There's a continuation of their lifestyle as they get into this age bracket. Age is relatively uneventful for the vast majority."

Older Americans as a group are not homogeneous, continues Rena Bartos, senior vice president at J. Walter Thompson. Bartos breaks the market into six groups: active affluents, homemakers, active retireds, disadvantaged, all other, and the ill of health. More than 80% of the older market identified by Bartos falls into the first three break-

Continued on page 75

1980
90
80
70
60
50
40
30
20
10
Population (millions)

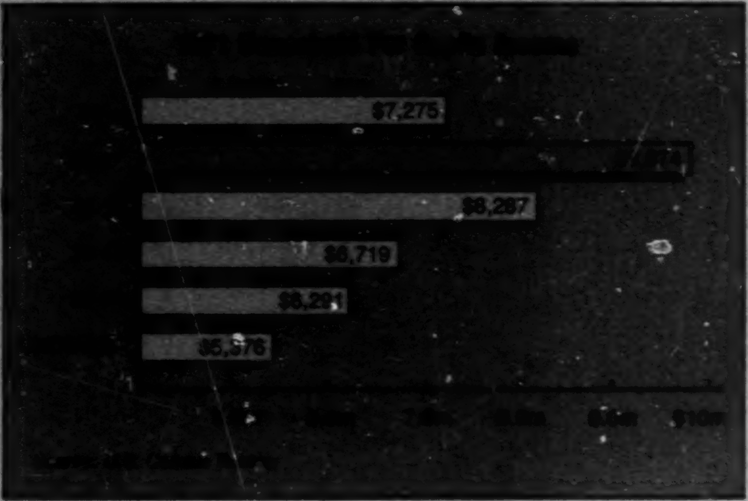

1990
2000
2010
2020
55 +
5-17
25-34
35-44
45-54
18-24
Under 5
Colos

A statistical look at Americans 55-plus

The following is a statistical profile of the current 55-plus market. Experts agree, however, that this profile will undergo rapid change in years to come as today's lifestyles set the tone for tomorrow's retirements.

The 55-plus age group is comprised of 46.3 million people, with about 7 million more women than men. This group includes 43.1 million whites, 4.5 million blacks, and 2 million people who speak Spanish at home.

About one-fifth of this group attended or graduated from college, and more women, 5.1 million, than men, 4.6 million, have gone to college. The younger end of this group is more likely to have attended college than the older end. Despite the fact that women have the edge in education, men have the better jobs. Working in professional/managerial jobs are 2.7 million men and 1.5 million women, whereas in clerical/sales there are 1.5 million men and 2.7 million women.



Despite all we read about people working longer, there is a sharp decline in employment at age 65. In both professional/managerial jobs and clerical/sales occupations, male employment falls off by nearly 70%. It declines about the same percentage for women in clerical/sales positions.

But older people still have more disposable income because they have fewer major expenses. The kids are grown and the mortgage on the house is usually paid off. There is a high percentage of home owners among older Americans. As a group, more than 80% of people 55 and older own their own residences, and only the category of women over 70 slips below this figure to a still-healthy 76%.

While the standard picture of the 55-plus group includes a lot of empty nesters, widows and widowers, it's not as bleak as might be assumed. The number of two-person households hovers around 50% for both men and women, and the percentage of men in two-person households increases with age, while the percentage of women in such arrangements decreases. Men are also more likely than women to live in three-person households. Between ages 60 and 64, nearly one-third of the men live with two other people, while nearly one-fourth of the women do.

In their younger days, the 55-plus group practically created the suburbs, and, as might be expected, many, 42%, still live there. About 27% live in cities, and nearly 29% live in non-metro areas, where the percentage increases with age. According to the Census Bureau, 1.4 million, or about 3%, of people 55 and older live in homes for the aged.

Buying habits

Most older people spend between $30 and a $100 per week on groceries. The percentage of men and women spending $30 and $50 a week on groceries increases with age, while the percentage spending $51 to $100 and the percentage spending less than $30 a week both decrease with age. Among men and women age 70 and up, 62% spend between $30 and $50 a week on groceries.

The percentage of people who call themselves heavy coupon users declines during the 60-to-64 age period, but rises the following five years. About one-third of women age 55 to 70 call themselves heavy coupon users, with heavy male users only a few percentage points behind.

About 20% of the 55-plus group say they shop by phone or mail, except in the 65-to-69 age group where that figure drops to about 18%.

A high percentage of both men and women shop in discount stores. Until age 70, more than 80% of women use discount stores, as do more than 75% of men. After age 70, the share falls to 70% of women and 66.5% of men. Men use the Yellow Pages more than women, but the older members of this population group tend to let their fingers do less walking. Among women 55 to 59, 30.8% say they use the Yellow Pages once or more a week, as do 31.3% of the men. After age 70, the usage percentage drops to 17.5% of women and 18.6% of men.

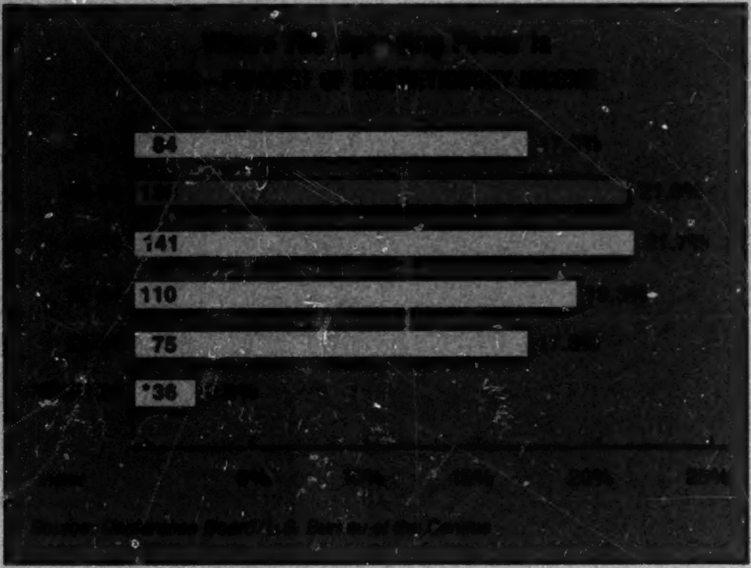
Men are more than five times as likely to own a bank card, such as Visa, than a travel and entertainment (t&e) card, such as American Express. In the 55-to-59 age group, 10% of the men own a t&e card and 51.6% own a bank card. For women in that age group, 4.5% hold a t&e card, while 40.1% carry a bank

Unless otherwise noted, the statistics are from a special report prepared for Decisions *by the Simmons Market Research Bureau.*

card. For both men and women, the ownership figures for bank cards drop by about half after age 70.

Leisure and recreation

Travel is one area, marketers claim, that is growing among older Americans. Simmons statistics confirm that a healthy percentage of the 55-plus population, particularly among the younger segment, is doing some serious traveling. Among people 55 to 59, 20.3% of women and 17.2% of men had taken a foreign trip in the past three years. In this same age category, 17.7% of the women and 18.9% of the men had taken a domestic air trip in the last year. Travel by people 55-plus drops off by nearly half between ages 59 and 70. After age 70, 9.4% of the men and 10.8% of the women had traveled abroad in the past three years, and 10.3% of the women and 10.8% of men had journeyed domestically by air in the last year.



For both men and women, the older they are, the less likely they are to diet. In the youngest age bracket, one-fourth of the men and nearly two-fifths of the women report being on a diet. After age 70, the share declines to less than one-seventh of the men and slightly more than one-fifth of the women.

More women than men go to movies and, except for the 60-to-64 age group, attendance figures decline as age increases. In the age bracket 55-to-59, 24.2% of women and 18.3% of men had attended a movie in the past three months. After age 70, this falls to 13% and 13.3%, respectively.

Older men tend to garden more than older women. About half of both sexes aged 55 to 59 say they do either indoor or outdoor gardening. After 70, 38% of the women and 42% of the men garden.

Media habits

Generally, newspaper and magazine readership and radio listening decline with age, while tv viewing increases. More men read news magazines, with business and finance a distant second. The percentage of men reading health magazines dips after age 60 and rises again after age 70. The largest percentage of women read women's magazines, with home/home services and health about even for second.

Cable tv is popular. Between ages 55 and 70, over one-third of the men and women live in homes with cable. After 70, this declines to a little over 27% for both groups. As for tv program preferences, specials, mysteries and feature films, in that order, are most popular with the 55-plus age group. *Michael Cooper*

outs, however, which represent key consumer groups. The largest group, which accounts for 40% of the total, is comprised of the active affluents, who are at the height of their careers and who no longer have family responsibilities. They have the money and opportunity to indulge in luxury travel, restaurants and the theatre. Furthermore, their increased travel and entertainment mean they have more need for fashionable clothing and jewelry, according to Bartos. While they are in relatively good health, she notes, they watch their waistlines and diets, making them good prospects for spas, health clubs, cosmetics and beauty parlors.

"There's an increasing recognition that these people are not sitting in wheelchairs," confirms Ruth Ziff, executive vice president at Doyle Dane Bernbach. Citing research conducted by the agency in 1982, she points out that large numbers of those 50 to 59 think of themselves as experiencing the best years of their lives.

The future's in Florida

The 55-plus age group is undeniably on the edge of several long-term trends, according to futurists with the Washington, D.C.-based Naisbitt Group. Naisbitt researcher John Elkins told a recent conference hosted by *Prevention* magazine (which targets a 35+ audience) that Florida was the most important bellweather state in the country for pinpointing emerging trends precisely because 17% of its population is over the age of 65.

"Things are happening in Florida," Elkins says, pointing to market trends like the emerging popularity of videotex, the growing concern about health, fitness and medical care, and the high spendable income as glimpses of the future. The older market's penchant for eating out bodes well for restaurants and bars, notes Elkins, adding that their share of food sales in Citrus Country climbed from 16% in 1972 to 52% in 1983.

Greater discretionary income among Florida's retirees, who generally have paid off their mortgages, no longer support their children, and who benefit from pensions, social security payments and interest income, has also helped to create a stable retailing environment in the state, Elkins pointed out. The older population's interest in new cars, apparel for retirement living, furniture and gardening can be acted on. And, like the baby boomers, convenience products are in great demand among the older population, according to Elkins. Not only did long-lasting and easy-to-keep aseptic packaging first appear in Florida, but the range of services delivered in the state "is just incredible," he adds.

Percent Change in Population Growth
1990 - 2020

YEAR	18-24	25-34	35-44	45-54	55 +
1990*	− 14.6%	+ 13.5%	+ 42.4%	+ 11.5%	+ 9.7%
2000	− 2.0%	− 18.1%	+ 12.9%	+ 40.7%	+ 8.7%
2010	+ 15.0%	+ 5.2%	− 16.0%	+ 14.1%	+ 23.1%
2020	− 7.4%	+ 9.1%	+ 4.9%	− 16.0%	+ 6.8%

Source: U.S. Census Bureau

**from previous 10 year period.*

One sign that more and more marketers are beginning to reach out to the Ultimate Society is the growing popularity of older models in advertisements. The Ford Modeling Agency has created a "Classic Women" department to meet the growing demand from ad agencies for older models. The five-year-old division, whose models are used in ads for Pond's Cold Cream, Clairol and Adorn Hair Spray, nearly doubled its business last year alone, according to Theresa Zazzara, director of the department.

Creating marketing strategies and advertising executions that cater to specific needs of the elderly yet do not insult them, can, however, be a tricky problem. Johnson & Johnson, which introduced Affinity shampoo for the over-40 set, is meeting with some negative consumer response. The shampoo has only captured a 2% share of the market and is beginning to drift downward after being on the market for little more than a year, according to Emma Hill, a financial analyst with Wurtheim. "That suggests the consumer is not in love with the product," Hill says. J&J, meanwhile, maintains that Affinity is meeting its expectations, and notes that it expected a limited amount of consumer resistance to Affinity's concept of special conditioning for older hair.

Archway Cookies has found a less overt approach to the age issue is the wiser one. The company, which derives a high percentage of sales from older people, recently abandoned its theme line depicting the difficulty of selling to a tough cookie like grandma in favor of a modernized approach showing grandma and grandchildren together, with the underscore, "kids of all ages love Archway." "The good looking upscale woman that we show in the ads is more in tune with the lifestyles of the over-50 group today," says James McIntyre, national marketing manager.

Finding an advertising approach that sets the right tone and communicates product benefits at the same time can be a painstaking task. Thomas D. Dupont, senior vice president and director of research at Oxtoby-Smith, points out that while older people are an important market to reach, great care needs to be taken in producing commercials that will spark an interest. "You don't communicate to the 65-plus age group the same as you would to someone younger," says Dupont.

Kids of all ages love Archway.
archway
Home Style Cookies
archway

Archway Cookies finds treating age positively is a far wiser approach.

Research he compiled on the physiology of aging underscored certain principles that should be kept in mind when designing ads for this market. At the age of 75, for example, only one in seven people has 20/20 vision — even with glasses — and the ability to discriminate color begins to break down. Fast movement can still be easily seen, however. In addition, a fair number of elderly people have a hearing impediment which can obscure spoken words. As a result, Dupont suggests that commercial language should not be sped up to cram in longer product pitches and should not include any tangential information which might interfere with an older person's comprehension of the subject.

By following Dupont's guidelines, Block Drug and ad agency Grey created a far more effective commercial for Polident than the original ad which had actress Martha Raye reminiscing about her career. When the tug-at-your-heart material was replaced by product demonstrations and more movement, the ad scored far higher with its audience.

Despite the special care needed to address the over-55 age group, it is evident that more marketers are recognizing its appeal and opportunities. The host of new products for the older market is overwhelming, including skin treatment products from Revlon, Avon, Estée Lauder, lip treatments from Elizabeth Arden, and Clairol's Silk and Silver hair color, positioned for older women. Increasingly, existing products are being adapted with specific appeals to the 55-plus market. Bufferin, Tylenol, Nuprin and Advil, for example, all have been positioned for both headaches and arthritis. Even the travel market is responding. Both Amtrak and the Alaska Division of Tourism have expanded their reach to the 55-plus market by pointedly including both young and old travelers in their vacation ads.

Among the more venturesome efforts to capitalize on the aging of

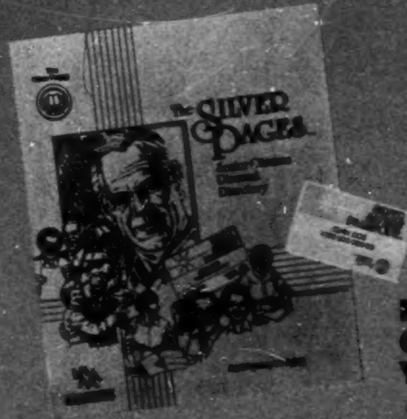
America is the Marriott Corp.'s plan to branch out from hotels with life care community centers. It plans to open three of these facilities over the next four years. The move results from Marriott research using statistics from the Census Bureau which indicated a need for communal yet flexible housing for the growing over-55 set, according to director of corporate marketing, Phyllis Bachand. The first center is due to open in Washington, D.C., in two years.

Ford Motors also has studied the unique needs of US'ers. Its five-year effort has centered on uncovering how cars can be better designed for older people. Research, directed by Marilyn King, who left Ford last year to form M.J. King & Associates in Ann Arbor, Mich., found a number of areas to be addressed. Older people can have trouble closing heavy trunks and hoods, want power locks and windows for more immediate security, often can't read digital panels without bifocals, can't reach door handles to close the door once seated in the car, and often trip on door sills that are too high. In response to these findings, Ford lowered the sill on its Tempo model, and

Continued on page 146

"Today's 55-plus population is much more willing to experiment."

NORMAN GOLDSTEIN
director of marketing services,
Jordan, Case & McGrath



PUTTING A PATINA ON THE YELLOW PAGES

The Yellow Pages are gaining a silver companion guide. Modeled after the standard published directory for shop-at-home customers, the Silver Pages resemble their brighter counterpart, but address the specific needs of the elderly.

The directory, published by St. Louis-based Southwestern Bell, lists display and classified advertising from businesses that provide discounts or special offers to persons 60 or older. It also describes local services such as arts programs, legal counseling and employment programs for senior citizens.

St. Louis is currently the only metropolitan area with Silver Pages, but Southwestern Bell plans to extend its reach from the home base into several other major markets, including Boston, Los Angeles, Denver, Atlanta, Dallas, Tampa, Chicago and New York.

The premiere St. Louis issue, which debuted in January, got off to a good start, carrying 65 pages of national advertising and 188 of local classifieds, according to Ron Jennings, vice president and general manager for Southwestern Bell Media. National advertising is being sold by the National Senior Media Network headquartered in San Jose, Calif. Local space is sold by Ad/Vent Information Services, a sales and marketing arm of Southwestern Bell set to be established in each separate market.

The Silver Pages are mailed to senior citizens free of charge, and can also be picked up at local agencies and organizations supporting the older population's special needs and interests. Through the use of a passport identification card obtained at local outlets such as shopping malls, banks and senior citizen centers, those 60 years or older are entitled to discount rates of at least 5% off participating merchants' regular prices.

Housing
Information & Refe
RAMADA
BEST YEARS PROGRAM
nouncing more
and-Go for people
65 or ov
NEXT TIME RAMADA
EASTERN

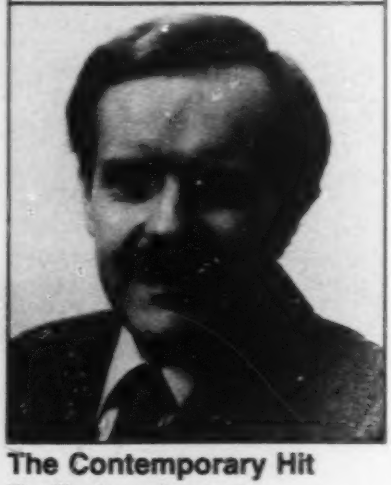
the second statement is not true. A recent questionnaire sent to advertising agencies, advertisers, research suppliers, and magazine publishers by the ARF Magazine Research Development Committee indicated that this type of research is considered a high priority.

Isn't it about time this type of research is conducted? ■

RADIO

By PAUL THURY

Spot radio supervisor,
Scali, McCabe, Sloves



The Contemporary Hit Radio bandwagon

Contemporary Hit Radio has been called the format of the 80's. 1984 has been the year for many stations to make the switch to CHR. A variety of variations on the format have allowed stations to be the second, third, fourth, etc. CHR in a particular market. These stations have decided to jump on the Contemporary Hit Radio bandwagon. Album Oriented Rock and Adult Contemporary formats have been the casualties in many cases to this new format.

KIQQ-FM, in Los Angeles, was one of the first stations to be playing a Top 40 rotation on the FM dial. Mike Joseph started the "Hot Hits" format which as become successful on many of the CBS-FM owned and operated stations. The CHR format has been a hit in the Arbitron ratings. WHTZ-FM, in New York, was number one in their first rating book (Fall '83) with a 6.2 12 plus share. They advertised themselves as the station that went "from worst to first." Contemporary Hit Radio has proved to be a high cumeing format. The Summer 1984 Arbitron in Los Angeles showed that KIIS-FM has almost 2.3 million listeners each week, Monday-Sunday 6 a.m. to midnight.

The music has been a tight rotation of the Top 40 currents and in some cases, a shorter playlist. Personality and presentation have been the variables with each station. WRBQ in Tampa, WHTZ in New York, KKBQ in Houston are stations who started the multi-personality morning drive zoo program. Scott Shannon at WHTZ has been the force behind "The Zoo."

A strong morning drive on these stations has garnered large shares. The presentation of each Contemporary Hit Radio station can be placed in one of three categories. CHR with strong teen appeal, CHR with adult appeal, and CHR which crosses all demographics from 12-49. In New York, WHTZ performs well across all demographics. WPLJ has a strong adult appeal. In Los Angeles, KIIS performs well against all demographics while KKHR is mostly teen oriented with 18-24 spill over. Contemporary Hit Radio appeals to the teens first, then older demographics appear as the format matures.

Album Oriented Rock has suffered over the past few years from lack of product. Loss in shares of audience has made many stations change to Contemporary Hit Radio. In numerous markets, only one AOR has survived. The Adult Contemporary format has evolved over the past few years. Many stations have continued to program music that appeals to the 25-49 audience. In the past year, some adult contemporary stations have changed to CHR in order to garner the huge CHR shares. WKQX in Chicago is one of the stations that has made the change. Their 12+ share has increased. How much current music an adult contemporary station plays has become a heated debate between stations and the buying community.

> **"In some buyer's minds, Contemporary Hit Radio means teens and only teens. The Contemporary Hit Radio station with strong adult presentation has proved this bias invalid."**

CHR shares in top ten radio markets

New York	**12+ share**
WHTZ-FM	6.6
WPLJ-FM	5.3
WAPP-FM	2.4 (old format)
WKTU-FM	3.1 (old format

Los Angeles	**12+ share**
KIIS-FM	10.0
KHJ-AM	.6
KKHR-FM	3.0
KIQQ-FM	2.4
KHTZ-FM	1.7

Chicago	**12+ share**
WKQX-FM	3.3
WLS-AM	2.7
WLS-FM	2.8
WBBM-FM	5.0
WAGO-FM	1.7

Philadelphia	**12+ share**
WCAU-FM	4.7
WZGO-FM	2.3

San Francisco/ San Jose	**12+ share**
KFRC-AM	2.6
KITS-FM	3.1
KWSS-FM	2.3
KYUU-FM	3.9
KMEL-FM	1.6 (old format)

Boston	**12+ share**
WHTT-FM	6.6
WXKS-FM	7.5
WZOU-FM	1.7 (old format)

Detroit	**12+ share**
WHYT-FM	4.1
WCZY-FM	4.8
WMJC-FM	2.8

Washington D.C.	**12+ share**
WASH-FM	2.6
WAVA-FM	4.1
WRQX-FM	5.6

Dallas	**12+ share**
KAFM-FM	2.1
KEGL-FM	4.3 (old format)
KTKS-FM	New Station

Houston	**12+ share**
KKBQ-FM	10.5
KRBE-FM	5.0

Some stations say they are not pure CHR but Adult Contemporary/Contemporary Hit Radio. They are playing possibly 27-30 songs of the current hits as well as recurrents, and gold. A current song that may appeal to a teen audience would probably not be played on this particular station. A station that is programed in this fashion has been debated as to the true format of the station. In some buyers' minds, Contemporary Hit Radio means teens and only teens. The Contemporary Hit Radio station with strong adult presentation has proved this bias invalid. Each Contemporary Hit Radio station must be evaluated on an individual basis with regard to its demographic skew. Whether a station is Contemporary Hit Radio or Adult Contemporary/CHR will remain to be debated within the radio community.

Stations continue to make the switch across the country. A look at the 12+ shares in the top ten radio markets show that the CHR shares are continuing to grow. Some markets are just starting to feel a surge in Contemporary Hit Radio. The 12+ shares in the Arbitron Ratings show the impact in some of the markets. Inclusion in this example was made by this author. As noted in the previous paragraph, the selected stations may not be in agreement with everyone to be classified as Contemporary Hit Radio Stations.

Total shares in the market continue to grow. In New York, WAPP and WKTU have jumped on the bandwagon with the success of WHTZ and WPLJ. They hope to garner larger audience shares with their own version of Contemporary Hit Radio. In Dallas, the format is just starting to raise its head. KEGL and the new ABC owned KTKS have entered the CHR arena.

The Contemporary Hit Radio format should continue to grow. The timing across the country is right. The popularity of the American family has become vogue again. Communes have gone by the wayside, marriage is again in style. "Mom and apple pie" is the feeling and Contemporary Hit Radio is part of this feeling. Contemporary Hit Radio can span the 12-49 demographic. This format is a format that Mom, Dad and the children can enjoy together. Contemporary Hit Radio, a format enjoyed by the masses. ■

NEWSPAPERS
By GIL FARLEY
Group media director,
Cunningham & Walsh

Where's the excitement of newspapers?

In searching for a topic, it occurred to me that just about every conceivable base has been covered in this space over the past few years: SAU's, column inches, Simons & Scarborough, etc., combined with the obvious efforts of newspaper publishers throughout the U.S. to fill request lists of every major agency need.

Why don't we sit back and await the promise of dramatic increases in the use by all national advertisers?

Did I hear someone say it isn't that easy? And why not? All the research is in place. Numbers are readily available. The mechanics of a major newspaper purchase are simpler than in times past. What else can possibly be done to force X's onto the flow chart?

In evaluating this question, it further occurred to me that in this "most personal" of all media, something is missing in the evaluation process: the excitement of newspapers. One need look no closer than an offspring whose name has been duly noted and recognized in the local paper for personal achievement, a wedding announcement or various other personal experiences. These occurrences are not only noted with excitement but saved for eternity. They're personal and the reader relates.

I will speculate and feel safe in doing so, that most national media planners of newspaper space have never read — truly read and possibly never seen copies of most of the newspapers on a recommended list. This is not intended as an indictment of newspaper sales reps, since world class weightlifters would be required to trudge through rain, sleet or snow with twenty copies of a newspaper each day. On the contrary, we have a situation where, to a larger degree, planners/buyers are unaware due to time and logistics of the actual product being purchased. Thus, in this most personal medium, the business decision to utilize or not is highly impersonal.

Magazines solve this problem through the use of complimentary subscriptions while creating life-long enemies among mail-carriers in the locale of media personnel. Let me quickly state that this is impractical to initiate for newspapers for any number of reasons, not the least of which is the inherent danger of floor-collapse throughout the advertising industry.

"A 'feel' for the personality of the newspaper, its capabilities on a regular basis, would bring buyer judgment into play in the decision-making process."

However, some variation on this idea would be worthwhile pursuing — possibly a rotating system of a single complimentary subscription to media departments at agencies of major potential.

Thus, firsthand knowledge of a newspaper's vitality and "personality" would be readily available to concerned media people.

A "feel" for the personality of the newspaper, its capabilities on a regular basis, would bring buyer judgment into play in the decision-making process.

Lastly, buyers would have the opportunity to see the end result of their toil in a real-life delivered newspaper — not tearsheets.

It would provide an opportunity for buyers to read — truly read — these newspapers at least on a semi-regular basis. The newspaper reps do their utmost to fulfill this task, but in the end, it is the responsibility of the buyer to familiarize him/herself with the product they're purchasing. ■

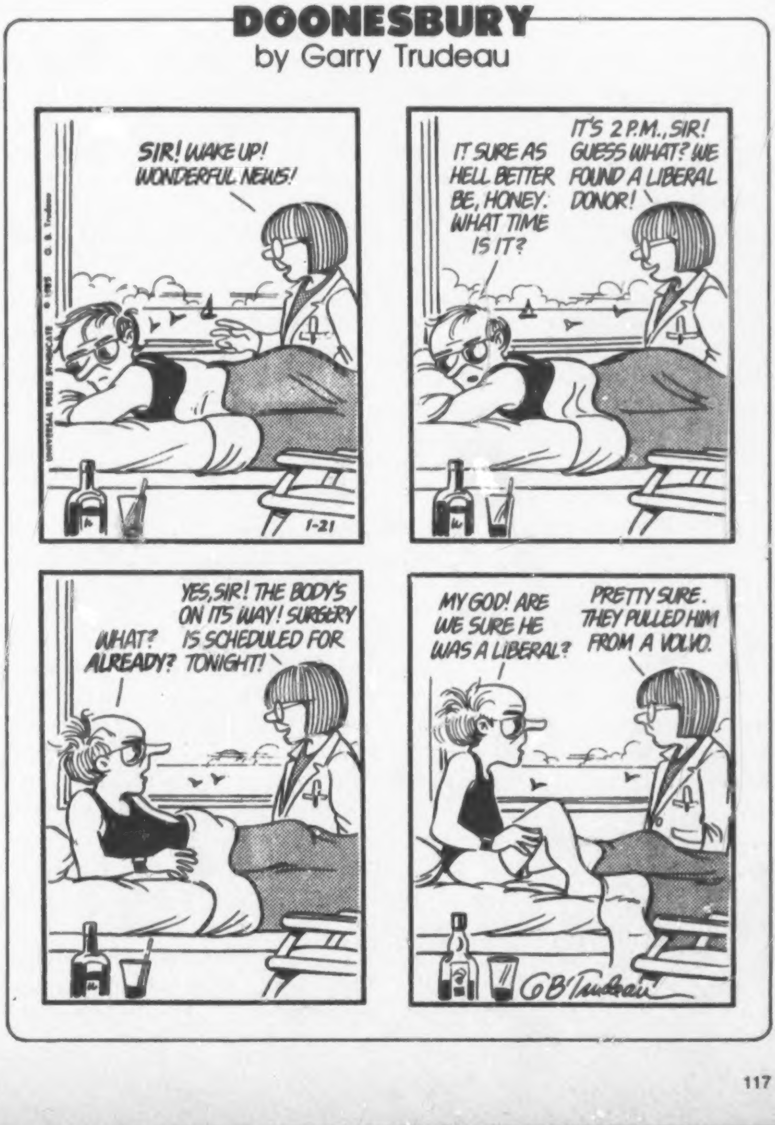
Cars and the young: L'affaire foreign

Divided into two categories, Japanese and European, the import auto market is favored by everybody's target: the young, educated and affluent. As Detroit follows their design lead, will the line blur between U.S., and import models? Whatever happens, observers predict a healthy volume for imports in 1985.

Sex appeal. That's the aura that comes almost naturally to imported cars, and the glow domestic car makers would do anything to get. The mystique and cool flash of foreign-born vehicles are increasingly attracting the audience Detroit covets most: the younger, more affluent, and better educated baby boomer. Although the domestic industry hardly had a slouch year — over 7.9 million units were sold last year, up 17% over a strong 1983 — U.S. manufacturers are enviously eyeing the imports.

Last year, sales of cars made outside the U.S. had only a 2% rise in units to 2.4 million models, but a good part of that small gain was due to quota restrictions. While these sales are still just a drop in the tank compared to the mass car market, Detroit is anxious because these buyers are the cream of the crop. As automotive analyst John H. Hammond of Data Resources, Inc. points out, "The import car buyer tends to be affected last and least by the economy."

The signs of imports' popularity are everywhere. Sales hit 2.4 million units last year. Their share of market, which stood at 23.5% at year's end, is projected to hit 24.8% in 1985. Most pronounced, however, is the reaction to this uptick among domestic manufacturers. Ford, for example, is bringing in the new Merkur model, formerly only available in Europe, while GM is


DOONESBURY
by Garry Trudeau
SIR! WAKE UP! WONDERFUL NEWS!
1-21
IT SURE AS HELL BETTER BE, HONEY. WHAT TIME IS IT?
IT'S 2 P.M., SIR! GUESS WHAT? WE FOUND A LIBERAL DONOR!
WHAT? ALREADY?
YES, SIR! THE BODY'S ON ITS WAY! SURGERY IS SCHEDULED FOR TONIGHT!
MY GOD! ARE WE SURE HE WAS A LIBERAL?
PRETTY SURE. THEY PULLED HIM FROM A VOLVO.
GB Trudeau

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First half 1984 media expenditures (000)

Company	Total	Mags	Sunday Mags	Net tv	Spot tv	Net radio	Outdoor	Spot Radio
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Nissan	29,311.2	6,918.1	$141.0	9,651.0	9,750.6	–	274.0	2,576.5
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Mazda	12,994.6	6,239.6	–	6,010.5	729.2	–	2.4	12.9
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Volkswagen	20,548.9	9,249.4	–	6,054.0	4,820.2	–	147.3	278.0(E)
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Audi	10,517.8	4,751.1	–	–	5,562.8	–	41.3	162.6(E)
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
BMW	9.017.3	4,701.0	6.2	368.3	3,529.6	–	3.0	409.2

Source: Leading National Advertisers; Radio numbers, compiled by RER, courtesy of RAB. Newspaper figures unavailable.
(E): Decisions estimate based on RER figure for Volkswagen parent, importer of VW, Audi, and (through 1984) Porsche.

busy restyling models with the sporty look associated with foreign cars.

The biggest sales boost has been in European models, since Japanese volume is restricted by the voluntary restraint agreements (VRA's), or quotas. For that reason, most analysts divide this artificially controlled market into two segments, European manufacturers and Japanese. Before the Japanese agreed to limit their imports, price alone might have divided the market. However, because of the restraints, the Japanese, once known for their low-priced stickers, have been exporting more of their higher-priced and more profitable cars. Indeed, a number of their 1985 models overlap in price with lower-priced European models.

The restraints have shaped marketing strategy for the Japanese, who still represent about 77% of import sales. Tom O'Grady, an auto analyst with Chase Econometrics, says the restraints have forced a "unique" shift among the Japanese from a market share focus to an emphasis on profitability. He calls self-restraint "a useful game," especially since it allows the larger manufacturers to bring in their more expensive models while keeping smaller makers such as Isuzu from carving up the market. Meanwhile, Mazda, the fourth largest importer, has just joined Toyota, Nissan and Honda with a plan to begin manufacturing cars in the States — models which would look like imports but not be counted as such. Automotive analyst John H. Hammond believes more manufacturers will seek out joint ventures with American companies along the lines of the deal Toyota has worked out with GM. "The problem for smaller manufacturers," he adds, "is that you need a threshold in sales of about 100,000 to 120,000 units to justify assembly in the U.S."

The restraints have not only touched decisions about what models to bring in, but also how much to spend marketing them. Unlike two years ago, when ad expenditures zoomed up as much as 50% to capture some of the pent-up demand, budgets last year stayed at about 1983 levels and even dipped in some cases. The money is also being distributed differently. "We're working very hard on our truck business," explains Toyota's vice president of business planning, Warren Christell, "because it's not under the VRA." Other companies, such as Nissan (still in the midst of its Datsun-to-Nissan name switch) are anxious to keep their logos in front of the public.

> **"Luxury is in, gas prices are falling, and the economy is strong."**

The restraints limit Japanese imports to 1.85 million units until the end of this month. What happens after that is anyone's guess. Most analysts believe the restraints will be eased by about 10%. The sure winners of such a move are the smaller manufacturers. The top four sellers don't want to risk the reprisals for flooding the market with product. Rather they are more concerned with safeguarding their joint ventures from local-content legislation. "There are a lot of good reasons for the Japanese to continue using restraints," says David E. Cole, who heads the University of Michigan's automotive transport research department. "For one, they've been the biggest benefiters of the VRA since it's ensured them a higher level of profitability, which they need badly."

Although the Japanese have kept the lion's share of the import market, restraints and all, the big sales boosts last year were in European models. Most analysts believe that situation will reprise in 1985. They offer a flurry of reasons for European favoritism. "Demand is very strong," says J. David Power, who heads the West Coast market research firm, J. D. Power Associates. "This is partly because of their position in the luxury car segment," where 23% of new car sales were last year. "They have a very forceful image of dependability and prestige," he says. At the University of Michigan, Cole believes this prestige reinforces the consumer's need for "individuality." He says "people feel good about spending money on cars," adding, "I wonder if the European imports couldn't increase their penetration by lifting the price."

Actually, some automakers did indirectly follow this tack. Audi, for instance, saw its sales jump from 47,000 units to 77,000 in 1984, largely because of the introduction of the high-priced Audi 5000 model. Mercedes took the opposite approach. That prestigious marketer introduced a lower-priced model, the 190, designed to bring consumers into the luxury fold at an earlier age. Like their Detroit brethren, the more upscale European importers are courting a younger buyer. Though the European marketers describe their target in much the same terms as the Japanese do — young and well-educated — the crucial difference in income affects the media buy. The Europeans seek a buyer with household income of +$41,000, and rely more heavily on print than the Japanese with an income target of $34,000.

The continued popularity of imports leaves the domestic manufacturers in a bind for 1985, as they strive to build a European-styled car with Japanese-level pricing.

One of the more ambitious moves to win over upscale, younger buyers is GM's Saturn project. The number-one automaker has started a new subsidiary to build a fleet of technologically advanced cars, with the first compact due out in 1988 or 1989. From conception to design, the $5 billion Saturn subsidiary represents a revolution. By utilizing a fully computerized production system that links every aspect of advanced technology from robots to computers, GM is hoping to shave the $2,000 difference between its production costs and those of Japanese competitors. Even a new corporate culture is being coaxed — there are no reserved parking spaces in the lot that surrounds the Saturn building. GM is not alone. Ford's Lincoln-Mercury division is selling a sporty sedan under the new Merkur nameplate, a car targeted to young professionals instead of the traditional 50-year-old L-M customer. "It's getting hard to tell the yuppie-mobiles from the European cars," groans Drexel Burnham's auto industry analyst, David Healy.

Meanwhile, the major manufacturers have largely abandoned the low-priced segment. And it is here that they may leave their flanks wide open. It is in this $6,000 and under niche that Korean manufacturers, not covered by any restraints, are hoping to make their move. Mini-cars, such as the Pony model made by Hyundai, have been selling briskly in Canada. The first Hyundai models, a less expensive version of Dodge-Plymouth Colt, are expected to hit the U.S. in September or October for the 1986 model year. While it is far too soon to predict what buyer reaction these cars will get, there is a lot of industry interest. As Power points out, "With the Japanese upgrading, the market is open for Hyundai to come in without too much direct competition — at least during the first year." Others are more skeptical. Tom Gibson, executive vice president of operations at Subaru, notes, "The first thing they'll have to do is get a dealer body out there. How quickly they can do that, and how extensive the network is, is very important. The fact that the Korean cars are coming isn't the same thing as how fast they will come. Besides, there will be consumer hesitation about a new, untried product. I don't believe they will be a significant factor in 1986."

Market watchers expect these changes to create a more complex, more competitive marketplace. J. David Power believes that projects such as the Toyota-GM joint venture "blur the lines" between an import and a domestic, and may confuse the consumer. "The mystique of imports," he adds, "seems to be less a factor for European cars as well, with the new classification of 'import designed' developing." These changes, he states, will make the task of marketing a greater challenge, or at the very least, a different one. Like many manufacturers, Power projects that such intangible attributes as service will become important selling points. Milt Gravatt, advertising manager of Volvo, agrees: "There's already more competition in terms of 'satisfying the customer,' and not just with the product. We're moving away from an emphasis on the manufacturing, to servicing," he says.

THE NAME IS
NISSAN
THE MAZDA 626 EXPERIENCE

Nissan hopes to have the name-change program, from Datsun to Nissan, completed in the next 18 months; Mazda targets an upscale audience, with an upgraded model mix.

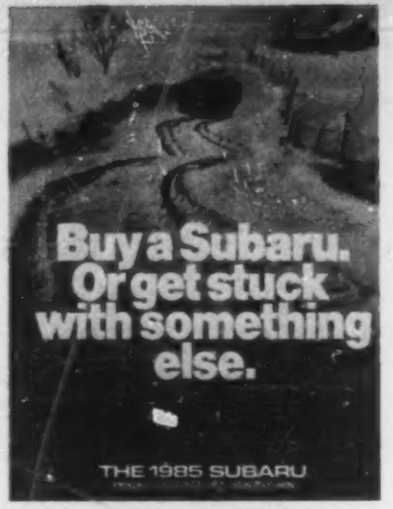
In the shorter term, the industry is hoping for a repeat performance of 1984. Some estimates, like Tom O'Grady's of Chase Econometrics, peg total 1985 sales at 10.3 million units, slightly lower than last year "because of consumers' concern over economic uncertainty." Others, such as J. David Power, are certain that the market will mushroom this year to 10.9 million units. Chris Cedergren, an industry analyst, points out that the recession forced manufacturers to close so many plants that last year's 10.4 million units actually reflect "capacity constraints" more than they do consumer demand. "This year," he adds, "we have three new plants opening." These include Chrysler, which will add more than 250,000 units, and GM's joint venture with Toyota and their luxury plant. "These assembly plants will add another 650,000 to 700,000 units to the market by 1986," figures Cedergren. Estimates on the imports' future vary just as radically. J. D. Power Associates is projecting that the new level of restraints will be 2.1 million units, a 13% increase. With European import totals expected to top 600,000 units, the imports' share of the market could top 25% for the first time in several years.

The manufacturers in this report were picked on the basis of 1984 sales. They are the top five Japanese and top five European importers, according to figures compiled by J. David Power.

Japanese cars

Japanese manufacturers, restricted to 1.85 million units for the year ending March 31, still managed to sell four out of every five imported cars. J. David Power comments, "They haven't really had to push hard in their marketing efforts — in fact, most of the companies have been spending a disproportionate amount of money just keeping their name in front of the public," rather than doing specific model advertising.

Because the profile of a Japanese car owner is so distinct from that of a domestic car buyer, imports must compete most heavily against other imports. This emphasis may change if the quotas are eased, but such a change would also mean a wider breadth of competition as the smaller Japanese manufacturers such as Isuzu start playing for bigger stakes. Already, the shares of the top five Japanese importers fell in 1984, from 1983, when the restraint level increased from 1.68 million units to 1.85 million units last year. The exact difference, though, is difficult to measure, since the restraints aren't based on the model year or the selling year.


Buy a Subaru. Or get stuck with something else.
THE 1985 SUBARU

Subaru promotes its ruggedness.

Leading the pack is **Toyota**, with 1984 sales of 558,000 units and a 23.3% share of the import market, a slight increase from last year's 555,766 units. Marketing strategy depends on how the new cars fit into the model mix, and for 1985, that means Toyota is upgrading. The focus is on the new Cressida, a compact whose $15,000 price tag matches the Celica. Warren Christell, vice president of business planning, says the target audience for this new model is slightly older and more affluent than the traditional Toyota customer. The company usually attracts buyers from their late 20's to mid-30's earning +$32,000; the Cressida buyer is likely to be in his 40's, with a household income on the plusher side of $35,000. Toyota also has high hopes for MR2, an upscale sporty car ($12,000) due later this year.

Total car sales (units), top five Japanese and European imports

	1984
Toyota	558,000
Nissan	485,000
Honda	375,000
Mazda	170,000
Subaru	157,000
Volkswagen	101,000
Volvo	98,000
Audi	77,000
Mercedes-Benz	76,000
BMW	69,000

Source: J. David Power Assoc.

The media mix has remained virtually the same because, overall, Toyota's buyer profile has remained stable, says Christell. Toyota continues to put about 75% of its budget into television, with two-thirds of that going into network. First half 1984 advertising figures indicate the company spent less than the year before — about $40 million compared with $51.3 million in 1983. Nor will the budget get much of a boost this year, unless the restraints are eased by more than 10% (2.0 million units).

However, Toyota is boosting the truck budget, which is separate from the cars. This is being done because Toyota's pick-up truck volume ("The number one small truck in the U.S.," says Christell proudly) isn't limited by the VRA. Even though the vehicles are subject to a 25% customs surcharge, Toyota sold 260,000 units last year — about twice the volume of two years ago. If only the new mini-van Toyota is now marketing was considered a truck, sighs Christell. Spurred into this market by Chrysler's success (200,000 units in the first year), Toyota now offers the mini-van in a passenger and cargo configuration.

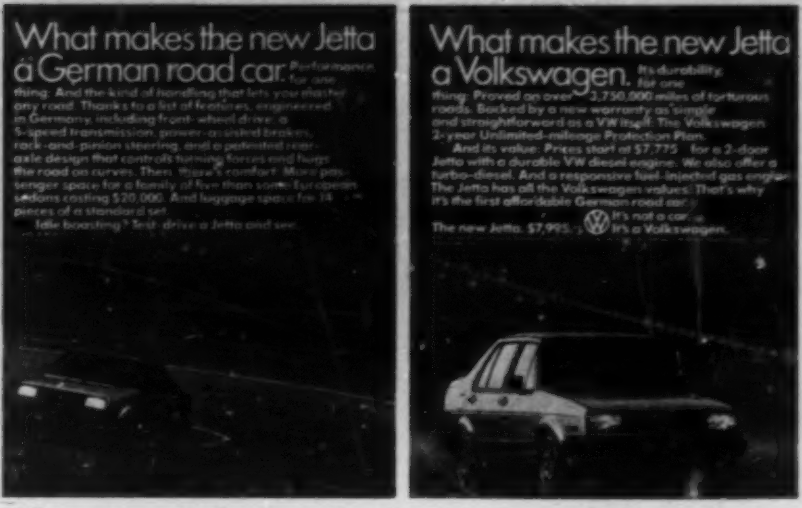
Nissan, with 1984 sales of 485,000 units and a share of 20.2%, seems content to stay its course as long as the import segment is demand-driven. "It's true that we've decreased our marketing efforts," concedes Jim Thomas, corporate manager of marketing strategy. "We just haven't had to work as hard." Thomas refers to the advertising, still focused on boosting awareness of the name change from Datsun to Nissan, a task he hopes to see completed within the next eighteen months. Perhaps the marketing effort would be better channeled toward Nissan's models. Unit sales last year were

7.6% lower than 1983's 521,902 units, even though, at more than $50 million, Nissan's ad budget is the heaviest among all imports.

Nissan, says Thomas, targets the same demographic as Toyota. The company has been doing well with models such as the sporty compact Maxima and the Sentra ($13,000 and $8,000 respectively), which attract 35-year-olds with incomes of about $34,000. Nissan goes after that audience with a heavy barrage of television — two-thirds of the budget in 1984 was split between spot and network. Thomas feels so certain that Nissan's hold on younger car buyers will outlast Detroit's efforts that the company does little targeted marketing, such as early efforts among Japanese manufacturers to appeal to women. He adds a little smugly, "Detroit's been making little picks at decreasing their average age of over 40, but it takes a lot to move the needle." Until the new Maxima arrives in October, and the new Stanza station wagon comes the following April, Nissan expects 1985 sales to mirror 1984, with the Sentra representing about 40% of Nissan sales.

With the car business fairly well insulated by the restraints, Nissan is trying to boost its share in the highly competitive small truck segment. Last year, the company sold 181,000 units, about a 5% share of the 3.8 million unit market. Thomas sees potential for more sales, especially since the market has expanded from a regional (Southwest) market. "Now pick-ups are being used as an alternative to a second car," he explains. "We find that people are trading off small sporty cars at the low end for a truck."

Most of **Honda**'s marketing efforts have been focused on changing the third largest Japanese importer's prac-


What makes the new Jetta a German road car. Performance, for one thing. And the kind of handling that lets you master any road. Thanks to a list of features, engineered in Germany, including front-wheel drive, a 5-speed transmission, power-assisted brakes, rack-and-pinion steering, and a patented rear-axle design that controls turning forces and hugs the road on curves. Then there's comfort. More passenger space for a family of five than some European sedans costing $20,000. And luggage space for 14 pieces of a standard set.

Idle boasting? Test-drive a Jetta and see.

What makes the new Jetta a Volkswagen. Its durability, for one thing. Proved on over 3,750,000 miles of torturous roads. Backed by a new warranty as simple and straightforward as a VW itself. The Volkswagen 2-year Unlimited-mileage Protection Plan.

And its value. Prices start at $7,775 for a 2-door Jetta with a durable VW diesel engine. We also offer a turbo-diesel. And a responsive fuel-injected gas engine. The Jetta has all the Volkswagen values. That's why it's the first affordable German road car.

The new Jetta. $7,995. It's not a car. It's a Volkswagen.

Volkswagen worries that its cars have lost their "German heritage" image.

MILEAG
PER GL

61 % of Glamour readers own two or more cars

67 % own a car bought new.

75 % own a domestic car.

tical car image. This desire for upscale polish and dash is one of the main reasons why the company will begin importing a luxury sedan under a new division, Acura, in April, 1986. This new import, explains American Honda senior vice president Cliff Schmillen, will be the first of what will eventually be an entire family of cars. The first shipment of 50,000 will be distributed through a different dealer network of 40 to 50 outlets to underscore the difference between this car and the familiar, smaller Hondas such as the Civic and the Accord. This plan for upgrading the model mix is unlike the strategies of Honda's Japanese rivals, who distribute their upscale models through the same dealers as they do their less expensive cars. Interestingly, Honda's system is almost identical to the game plan for GM's Saturn cars, which will roll out to a distinct group of dealers. "That's the right idea," says Schmillen, "a different dealer for a different kind of car." This sedan will be so distinctive, he boasts, that "the buyers we will be attracting won't be the ones usually attracted to Honda." He believes that Acura will lend itself to comparisons with Audi, Volvo, and the smaller BMW.

The biggest sales boost is in European cars, since Japanese volume is restricted by quotas.

In the meantime, Honda imported 375,000 of its smaller cars last year, a slight increase over 1983's 350,000 units. Mostly, Civics and Accords (priced under $10,000 and for the most part under $8,000) appeal to the buyer of a second car — the theme of a recent television campaign. The imports come on top of American production of Hondas in the Marysville, Ohio, plant, where the company has just added capacity for 120,000 Civics to the production of 130,000 Accords. This year, Honda is boosting the budget 10% over 1984's estimated $40 million and placing a greater emphasis on the Accord, the higher-priced model. Almost all the money is spent on television, mostly network, positioning Honda in terms of value. Schmillen is fond of comparing even these smaller cars with BMW "in value," but as yet, the comparison hasn't shown up as a selling point. "Perhaps we've been a little too low key," he muses.

It's been an eventful year for **Mazda** Motors of America (formerly Toyo Kogyo). The company has just announced an agreement with Ford to launch U.S. production of 240,000 cars by 1987. Ford, a 25% owner of Mazda, will get about half the units for sale under its own nameplate, in exchange for the Michigan site. Until then, Mazda plans to continue upgrading the model mix and targeting a more upscale buyer with household income of $35,000. Accordingly, the media mix has shifted out of television, where Mazda spent over half its $31 million, 1983 budget. About half the estimated $30 million budget this year will go into magazines. Senior vice president/general manager Rod Hayden points out that Mazda continues to buy sports programing, but like prime time, "that's not cheap." Advertising stresses the

A Condé Nast Package Magazine. Copyright 1985 by The Condé Nast Publications, Inc. Source: 1982 Glamour SMRB Primary Reader Study

E

AMOUR

77 % are principal car drivers in the household.

77 % are responsible for car purchasing (make & model).

93 % of Glamour readers own a car.

The understatement of the year.
Audi
The art of engineering.

Audi, pleased with the new 5000, hopes the magic will spread.

"drive and excitement" of the subcompacts.

Subaru is in a slightly different position from the two larger manufacturers, who feel most sensitive to the restraints, and from the mid-sized makers Honda and Mazda, who are intent on approaching the American market aggressively. The fifth-ranking Japanese importer has "no political sensitivity," according to John H. Hammond of Data Resources Inc. "Smaller producers like Subaru," he says, "have been most aggressive about adding capacity in Japan. They have to find a way to sell it, and only the U.S. market can absorb it." Subaru ended 1984 with a 6.5% share of the import market, selling 157,000 units. "And we could have sold more," boasts Thomas Gibson, executive vice president of operations. The cars, all subcompacts and mid-size stationwagons, range in price from about $5,500 to over $11,000, averaging slightly over $7,000. Rather than emphasize affordability, Gibson points proudly to the results of a J. D. Power customer satisfaction survey that ranks Subaru second among imports behind Mercedes.

This quality selling point is stressed in its current campaign. Subaru is increasing its marketing budget this year to more than $25 million. Support is split between the new sporty XT coupe, the restyled four-door model and station wagon, which together will comprise about 85% of Subaru's volume in 1985.

European cars

For European, read German, since that's where four out of the top five European imports come from: Volkswagen, Mercedes, Audi and BMW make up the bulk of the list. With the exception of VW, whose cars range in price from $6,700 to $13,300 but average below $10,000, European imports, including the Swedish Volvo, are considered part of the 2.4 million unit luxury car segment. All told, these luxury Europeans possess a 19% share of that segment. And every economic variable seems to suggest these imports will continue to enjoy the success they did last year: Luxury is in, gas prices are falling, and the economy is strong. Even if interest rates increase toward the end of 1985, the European car buyer is likely to be unaffected — average household income is +$41,000. J. David Power points out that this high income market is "growing at a faster rate than the total car market."

Demographics:	Japanese,	European,	Industry average
% Male buyers	54%	62%	59%
% Married	62%	68%	69%
College grads	55%	57%	43%
Professionals	30%	31%	23%

Source: Mid-year 1984 model study, cited by Nissan

Volkswagen is in a slightly different position than its more upscale brethren. For one thing, the American manufacturing arm is having trouble holding its own. Sales of U.S.-built Rabbits dropped from 85,000 in 1983 to about 74,000 last year. For another, the company has just begun battling a longstanding perception that VW is a domestic car. VW's marketing effort emphasizes the German heritage of the cars, a strategy that seems to be paying off. VW once again upstaged runner-up Volvo with unit sales (import only) of 101,000.

At the same time, VW is as eager to upgrade its model mix as every other manufacturer. The company will be placing a greater emphasis on the Jetta notchback model, a configuration that attracts a slightly more upscale buyer than the entry level hatchback. The Jetta models ($7,900) tend to skew slightly younger than VW's overall buyer profile — college-educated men and women between 25 and 49 with incomes over $35,000. The Golf, though slightly lower in price ($6,990), attracts an older audience because, as manager of marketing Dick Marci puts it, "it's a more utilitarian-oriented car, psychographically." Marketing budget levels have stayed somewhat stable at $45 million. The emphasis is split between the Jetta, the Golf (a domestic replacement for the Rabbit), and the GTI, due in the second quarter. "German engineering" continues to be the cornerstone of positioning for these three cars.

Even though Sweden's **Volvos** are priced competitively with some upscale imports (between $13,000 and $23,000), the cars are viewed slightly apart from Mercedes, BMW or Audi. Advertising manager Milt Gravatt explains that though the buyer profiles seem similar, the Volvo buyer actually maintains a very different lifestyle. "Volvo owners are not as hedonistic as BMW owners. They tend to be conservative, rational, and issue-ori-

Continued on page 128

How the Mercedes-Benz 380SE is accelerating the demise of the traditional luxury sedan.

Engineered like no other car in the world

Mercedes-Benz is putting its weight behind the new 380SE.

ented." These key differences make marketing much easier. Advertising runs in such vehicles as *The Atlantic* and *The Economist*. In fact, about half of 1984's estimated $18 million budget went into print. The emphasis is split evenly between the low and the high end of the line, where Volvo rolled out a new station wagon this month. Positioning Volvo through the years has been easy, says Gravatt: "We're the one you marry, not the one you date."

1984 was the year **Audi** came of age, putting behind it the memory of earlier failures. The turnaround is largely credited to the spectacular introduction of the Audi 5000, the new top of the line luxury model ($18,000). In a single year, Audi sales leapt from a 1983 total of 47,000 to 77,000. This new model skews slightly older and slightly more affluent than the rest of the line. It actually caps Audi's audience with a new upper limit: Now the Audi buyer, predominately male, is between 25 and 64 with an income ranging from $48,000 to $79,000. This model is helping the company to attract a broader spectrum of buyers.

To achieve this, the budget was substantially increased in 1984. The company spent an estimated $25 million, up some 20% over 1983. However, the media pie was sliced differently. While the budget for magazines remained the same, about $9.5 million, the outlay for television, where all four models (the 5000, the 4000, the Quattro, and the Turbo) are currently advertised, rose sharply. There, the stress is on establishing the entire company. Scott Williams, advertising manager, believes this task will be easier this year than last. "But," he cautions, "we still don't have the image Mercedes, BMW, or even Volvo has." Along with the heavier weight in television goes a broader program selection. "We're going to more prime time. We've been in news and sports and we're staying with that, but 1985 is a different story than 1984." The company is expecting increased competition from Mercedes and BMW.

A step beyond in safety.

The 700 Series by Volvo

Volvo attracts concerned citizens.

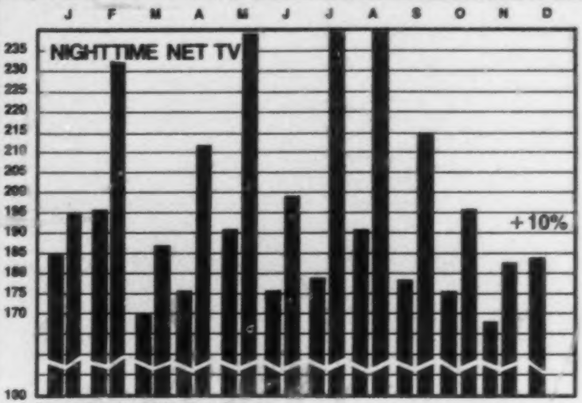
Mercedes also had a good year, despite a German workers' strike. Sales increased 6,000 to a total 1984 total of 76,000. Much of the boost is attributed to the new, smaller 190, the successor to the 240D (diesel) model, which represented close to 30% of sales. The introduction of the 190 was a significant strategic move for Mercedes, as the car company positioned itself to a younger — but just as affluent — buyer for the first time. "Theoretically," states Robert Baxter, manager of marketing research, "these buyers are our insurance against the future. They will, we hope, continue to buy Mercedes." Since the introduction a year ago, the bulk of the $30 million budget has shifted to the 380 SE model brought in at the end of 1984. Advertising also supports Mercedes' revamped servicing, under the umbrella "Signature service." Is the company concerned that the 190's success may dilute Mercedes' prestige image? Not at all. The new car is priced comparably to the larger model it replaced (about $23,000). Besides, Mercedes is readying its dealers for the fall intro of a new mid-sized car, the 124.

Bavarian Motor Works (**BMW**) had a good year in 1984. Sales rose 17%, to 69,000 units, and the company is counting on 1985 to be even better. BMW now has nine different models, ranging in price from a modest $18,000 to over $40,000. "The only real competition at that level," says advertising manager Brian Richardson, "is Mercedes, maybe Jaguar." What distinguishes BMW's audience from its competition's buyers is less a matter of money or age than lifestyle, which he characterizes as "entrepreneurial."

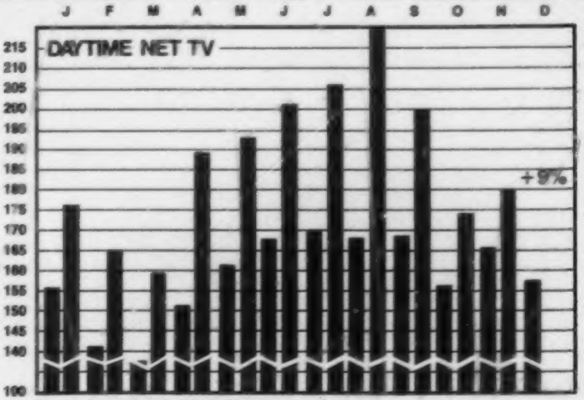
But these self-starters are no longer enough for BMW. The company is altering its strategy to go after a newly defined target, the young family, with fresh mid-sized models such as the 318 and 325E. Richardson believes that target represents a growing market for a +$20,000 car, which will help push 1985 sales past the 80,000 mark. With the new goal is a new approach. The importer has added a corporate advertising campaign in television and mass magazines to make sure the BMW name comes across loud and clear. All this activity has necessitated a bigger budget: 1984's $17 million is twice the 1983 budget, and 1985 is expected to be even higher. *Laura Konrad Jereski*

MEDIA COST INDEX

Black bars index for 1983; color bars 1984; base year 1977



Source: Broadcast Advertisers Reports



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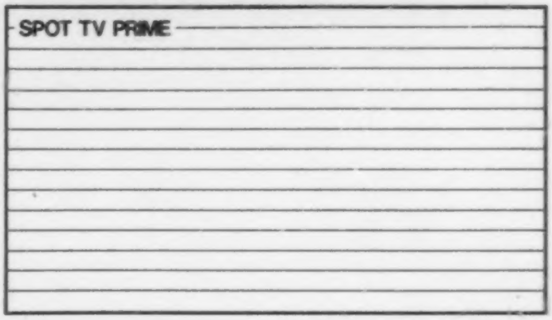
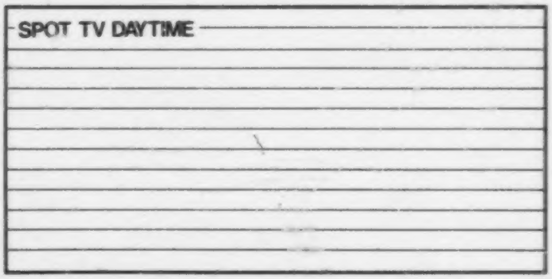
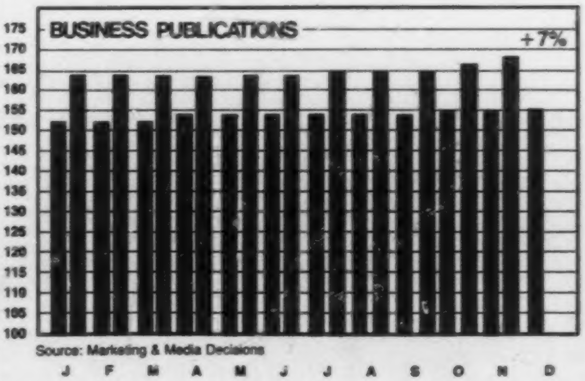






Source: Marketing & Media Decisions

In July 1984 **newspaper rates** were established on a cost-per-inch basis (SAU's) rather than the traditional cost-per-line system. In order to continue the monthly cost index, a new formula had to be devised by the Newspaper Advertising Bureau to conform to the revised pricing system. This has now been accomplished.

New data for the first 11 months of 1984 have been plotted. For the five months (July through November) the index ranged from 135 in July to 137 in November with a month-over-month change of +9%. Data for the first half were reevaluated. The resulting new series was so close to the previous line that the slight differences were absorbed in the rounding function.

Other media in the cost index show the following: **Consumer magazines:** holding at +7% since September. **Outdoor:** unchanged from October — up 6%. **National supplements:** holding at +9% since August. **Business publications:** holding at +7% in November. **Network radio:** After a minus posture in the first half, the second half thus far shows more increases than declines. November was up 2%. **Daytime network tv:** November at +9% is the first single-digit, month-over-month increase in 1984. Nighttime network tv: A modest +10% increase in November in sharp contrast to the booming, Olympics-inspired increases throughout the year.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

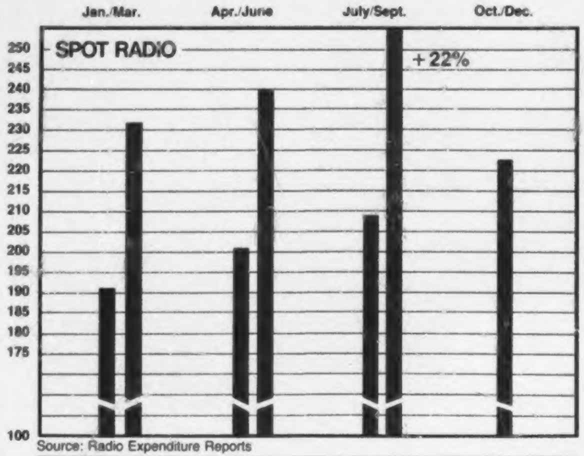
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. **Spot radio** index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

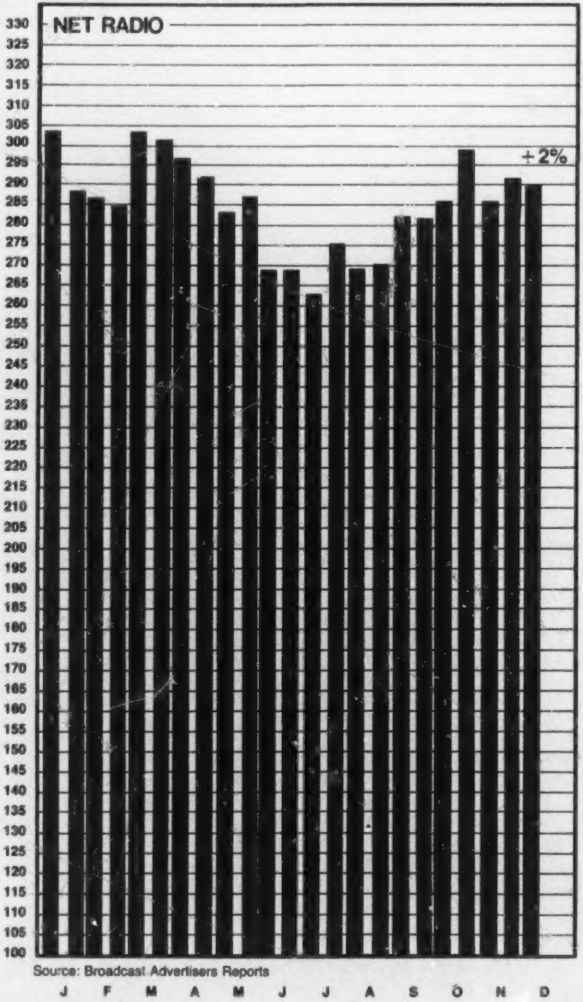
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

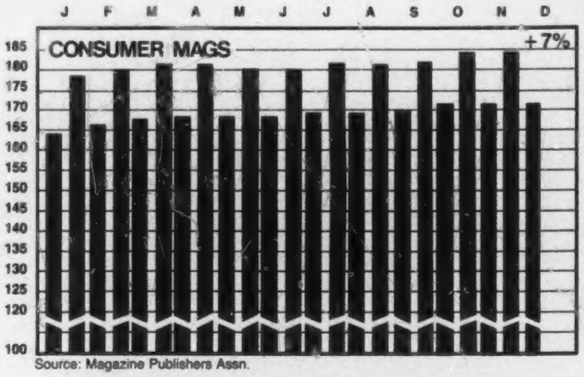
Black bars index for 1983; color bars 1984; base year 1977



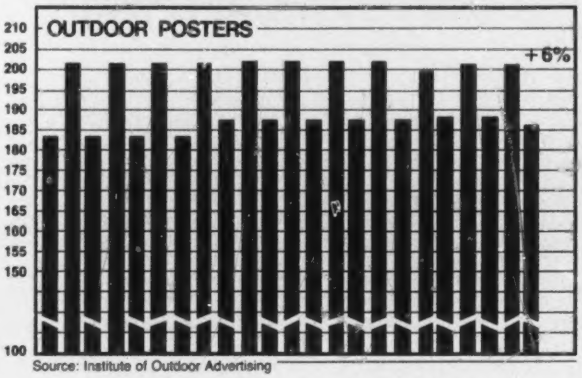
Source: Radio Expenditure Reports



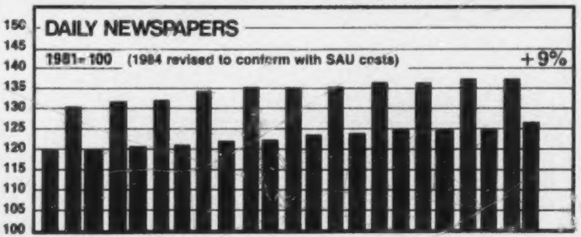
Source: Broadcast Advertisers Reports



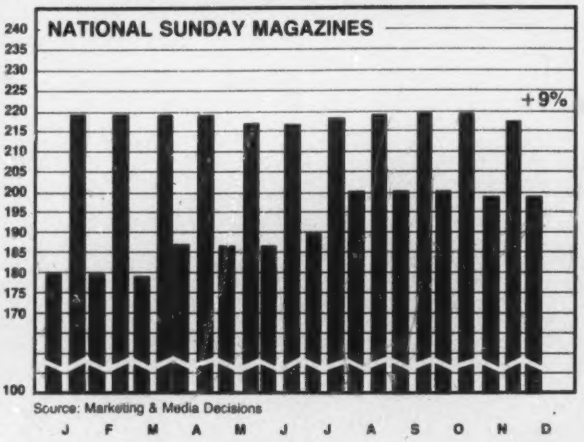
Source: Magazine Publishers Assn.



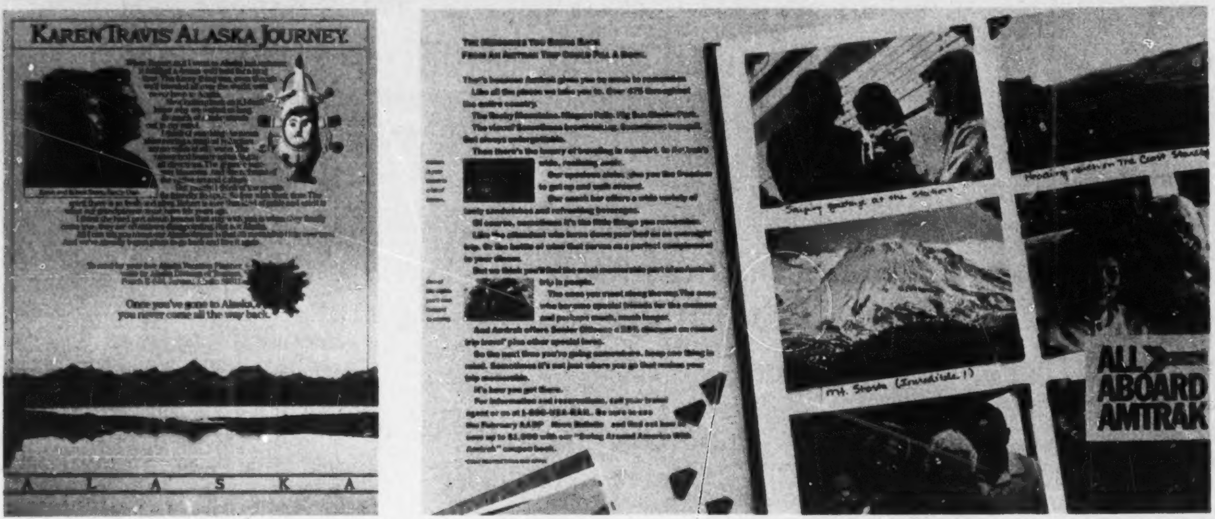
Source: Institute of Outdoor Advertising



Source: Newspaper Advertising Bureau



Source: Marketing & Media Decisions


KAREN TRAVIS' ALASKA JOURNEY
Once you've gone to Alaska, you never come all the way back.
A L A S K A
ALL ABOARD AMTRAK

Both Alaska and Amtrak highlight older models in ads meant to appeal to the mature group.

more design adjustments are to be made in future Ford models, according to King. As part of the research, Ford also ran a pilot test offering free power seats and locks to anyone carrying a membership card in the American Association of Retired Persons, which could be joined on the spot for $5.

Not to be left behind, Sears is targeting the 55-plus market with its recently-formed Mature Outlook Club, which offers free home evaluations through Coldwell Banker; portfolio analysis from Dean Witter Reynolds; discounted insurance from Allstate; and travel packages offered at savings through Greyhound and Budget Rent-a-Car. Members also receive a bimonthly publication plus bimonthly newsletters. In its first year of operation, Sears has attracted over 300,000 enrollees.

"The 55-year-olds today are not like the 55-year-olds ten years ago," notes Bill Strauss, executive director of Sears' Mature Outlook Club. "We created this club because our research showed that they shouldn't be overlooked. We found that not only are they the fastest growing group in America, but that they already represent 21% of the population. And they have 68% of all money in money market funds and 80% of all savings," Strauss points out. He adds that Sears' research shows that one-third of the households in America are headed by a person 55-years or older.

Campbell Soup, in addition, is seeking to be "more sensitive to the senior's market," according to Tony Adams, director of marketing research. It already has expanded its low-sodium line from three to eight varieties and has improved the taste of those soups to retain good flavor in the absence of salt, Adams says. But look for more. Campbell's has just completed an exhaustive analysis of the market, its first since 1980, and the findings, Adams indicates, are fascinating. "The key difference from the last time we measured them is that they are a lot more active. They're developing new skills, taking up pottery, learning a new language. In fact, they are beginning to look more and more like the singles market. They are interested in fitness and nutrition and they are eating lighter and healthier. And like the 'yuppies,' they want convenience. They want single-serving packages, and they are using the microwave not just to reheat but to cook meals," says Adams. He notes that the research is so fresh that definitive plans have not been drawn up yet to cater to these new-found needs.

"**There's an increasing recognition that these people are not sitting in wheelchairs.**"

RUTH ZIFF
executive vice president,
Doyle Dane Bernbach

Maturity media take on new life as interest grows

The media, too, are beginning to feel the effects of the growing interest in the over-55 audience. Prominent in this trend are several older-targeted publications that approach encroaching age with a positive viewpoint. Articles on healthy eating, luxurious travel and retirement housing options are decidedly upbeat. Even the "seven sisters" of magazine publishing are preparing for the coming of this new generation. While most still cater to the heart of the baby boom age, increasingly the publications are casting an eye forward

The Money Saver™

DELIVERS THE 50 AND OVER MARKET IN A SPECIAL SEPTEMBER '85 "BREAKFAST SAVINGS" ISSUE

50 and over consumers consider breakfast their favorite meal of the day. In fact, 90% eat breakfast regularly. They start their days off right by getting a greater amount of nutrients at breakfast than at any other meal. 50 and over consumers look for the best combinations of foods to make breakfast both nutritious and appealing since studies indicate taste is most important to this audience.

"The Money Saver" is a co-op couponing vehicle reaching 11.5 million members of the AARP, the prime spending core of the 50+ market, through a direct mail publication they read, respect and have paid to receive. Research reveals this segment of the market uses a wide variety of breakfast foods:

BREAKFAST FOODS	Total Adults	18-49	"The Money Saver" Audience
Decaffeinated Coffee*	39.1%	34.3%	50.5%
Coffee Creamers	23.2%	21.9%	50.5%
Artificial Sweeteners	28.2%	26.3%	32.9%
Hot Cereals	51.1%	50.0%	55.3%
Cold Cereals	88.0%	88.6%	87.9%
Margarine	89.5%	89.2%	91.9%
Tomato/Vegetable Juice	36.7%	35.7%	40.7%
Cranberry Juice	17.4%	15.7%	26.7%
Egg Substitutes	3.2%	2.6%	4.5%

Source: MRI, 1984
*SMRB, 1984

ACT NOW FOR CATEGORY EXCLUSIVITY. SPACE IS LIMITED. DON'T MISS THIS OPPORTUNITY.

- CONTRACT CLOSING DATE: MAY 1, 1985
- DELIVERY DATE: SEPTEMBER 5, 1985
- PROJECTED CIRCULATION: 11.5 MILLION

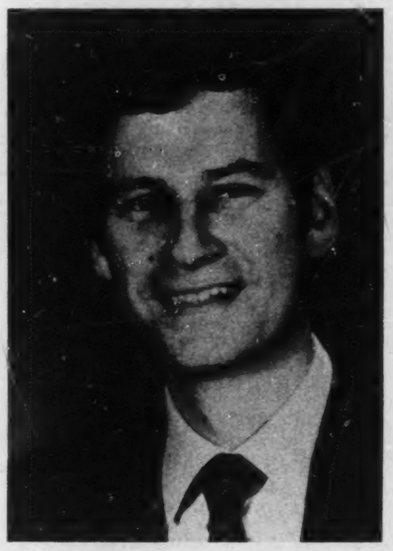
FOR RATES AND BRAND RESERVATIONS, CONTACT YOUR ACCOUNT EXECUTIVE AT: (203) 254-3886

mmi
mature marketing, inc.
105 woodrow avenue
southport, CT 06490

to the nation's aging population. Older role models such as Raquel Welch and Marlo Thomas are more prevalent than yesterday's Cheryl Tiegs.

Modern Maturity, the bimonthly publication from the American Association of Retired Persons, now has a circulation of 10.5 million, an increase of 1.2 million over 1983. Ad pages for the bimonthly increased 15% in 1984 over 1983 to 274 pages, and have grown at a double-digit rate every year since 1981 when the magazine began to accept advertising.

Whitney Communications' *50 Plus*, which went through an uncertain phase as the company divested itself of its other magazine properties, has benefitted from a revived commitment from its parent. Last year it netted a 25% ad page gain for a total of 420 pages. Circulation has shot up from 290,000 in 1983 to 405,000 as of March, 1985, according to publisher John Prescott. *50 Plus* was one of the first publications to recognize the changing attitudes of its market. The magazine was originally called *Retirement Living*, but was repositioned in 1978 with the new title "because we felt it was stalled and plateaued with dull and stodgy informa-



"You don't communicate to the 65-plus age group the same as you would to someone younger.

THOMAS DUPONT
senior vice president,
Oxtoby-Smith"

tion about retirees," says Prescott. "This age demographic doesn't die or shrivel up — it blossoms."

The publishing trend has spread into the regional field. What was first a regional newspaper for older people living in Florida has, in six years, sprung into a glossy magazine called *Golden Years* with 500,000 in circulation and 280 advertising pages. According to estimates from publisher Steven Hittner, based in Melbourne, Fla., ad pages are projected to hit 437 this year.

Adding fuel to the publishing fire is last year's creation of a national advertising representative for similar regional publications. The San Jose-based organization, called the National Senior Media Network, represents 40 publications with a combination circulation of 1.8 million. A sign of its growing strength is the 30 pages of national advertising sold by the network in the first 20 days of January, according to Robert Thompson, president. Some of the advertisers include Ozark Airlines, Campbell Soup, Bristol-Myers, and General Foods.

IN A DIET FILLED WITH SUBTRACTIONS, THIS IS A WELCOME ADDITION.
CAMPBELL'S SOUP IS GOOD FOOD

Campbell Soup ads prove it's sensitive to the senior market.

MR & MRS
GRUMPY

Meet the Grown-Up Mature People who read, write and pay cash.

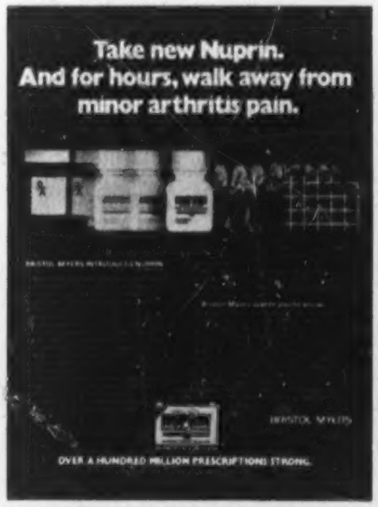
When you want to reach those neglected midwestern "Grumpies," Home & Away Magazine delivers a loyal buying audience of 1,400,000 in nine mid-American states. And, because Home & Away Magazine is regional/metro in area circulation, you can "test your target markets," rather than walking into the ocean until your hat floats!

Ask your agency about us.

NYC • Robert Bernbach & Associates (212) 696-4650
CHICAGO • Robert A. Rose (312) 558-1196
LA • Joleen Parham & Associates (714) 556-0832
CANADA • Multi-Media Sales (416) 782-0320
MINNEAPOLIS • Lou Reeve (612) 890-2500
National Advertising Director • J. D. Ayres
(402) 390-1000

An Affiliate of AAA Network Magazines

The mature market is gaining steam in the broadcast arena, too. CBS is making sales presentations pointing up the strength of the older market's spending power against specific product categories. Dave Poltrack, vice president of research at CBS, finds that advertisers are beginning to ask for age demographics beyond 18-49 to 25-54, a move he's convinced is wise. "An analysis of product consumption pat-


Take new Nuprin.
And for hours, walk away from minor arthritis pain.
BRISTOL MYERS
OVER A HUNDRED MILLION PRESCRIPTIONS STRONG.

Reaching out to older market, Nuprin promotes arthritis relief.

> **"Things are happening in Florida, where 17% of the population is over the age of 75."**
>
> JOHN ELKINS
> researcher with
> Naisbitt group of futurists

terns indicates that 95% of all products advertised on television would be better positioned against the 25-54 age group than they would be against 18-49, but the reality is that as many are using 18-49 as are using 25-54," says Poltrack. He is, however, optimistic that a computerized audience analysis system being introduced by Nielsen will make it easier for advertisers to judge better the accuracy of age targets.

Joining forces to bring about further awareness of this age group's tremendous buying power is radio's 35-64 Committee, which has been developing market research to prove the group's clout. "We formed this committee for a very simple reason. This is the most misunderstood group of consumers in America," says Maurie Webster, chairman of the 35-64 Committee and president of his own company, Webster Communications, Inc.

All of this is just the beginning of what promises to be a revolution in the way marketers and the media address the consumer marketplace. With life expectancy continuing to increase, from 54.1 in 1920 to 73.2 in 1980, and with the baby boomers projected to double the 55-plus population segment by 2020, the influence of this group will be felt at all levels of society. Any marketer not paying the Ultimate Society the respect it deserves has a lot of homework to do.

Rebecca Fannin

Samuel Shao

Elkins tells of coming trends.

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SPECIAL REPORT
RADIO

Decisions

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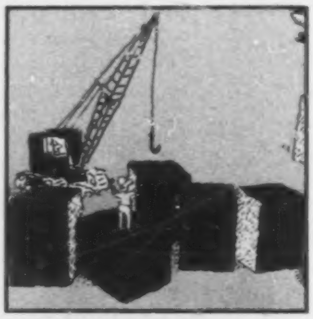

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NEW IN MEDIA

A communications report card

From 1979 to 1983, newspapers, cable and pay television, and business information services led the 10 segments of a $50 billion communications industry in terms of five-year growth in revenues, income, cash flow and profit margins, according to the Communications Industry Report, issued annually by Veronis, Suhler & Associates, a New York investment banking firm.

The period measured by the report, from 1979 through 1983, is the latest five-year period for which publicly reported data on most companies in the industry are available.

This year's edition compiles and analyzes income statement and key balance sheet data reported by 226 companies for 293 communications industry lines of business. The companies range from ABC, Gannett and Time Inc., to Dun & Bradstreet, Jones Intercable and Gulf & Western. The 10 industry segments covered by the report are radio and television broadcasting; cable and pay television; business magazine publishing; business information services; book publishing; newspaper publishing; consumer magazines; entertainment programing and distribution; recorded music; and advertising.

The industry as a whole posted 1983 revenues of $50.9 billion, exclusive of results for privately held organizations. It generated $7.6 billion in 1983 operating income and $9.5 billion in operating cash flow. Assets for 1983 totaled $44.6 billion. Five-year revenue growth of the industry was 12.9%, compounded annually, while growth in operating income has accelerated every year since 1979, reaching 20.6% in 1983 over 1982.

The leading industry segments in terms of compound annual revenue growth over the five years are CATV (45.1%); business information services (17.1%); and advertising agencies (15.9%). The industry's bottom three segments are consumer magazines (8.7%); book publishing (5.6%); and recorded music (-0.7%).

For five-year compound average annual growth in pre-tax operating income, the leading industry segments are CATV (35.3%), followed by business information services (24.9%) and newspapers (14.8%). The bottom three segments are recorded music (2.5%); book publishing (2.2%); and entertainment programing and distribution (-0.5%).

55 computer books "byte" the dust

After inundating the industry with personal computer magazines, publishers faced a test of endurance in 1984, according to the February issue of *Marketing Technology*, a recently introduced newsletter of personal computer advertising, marketing and research. It is edited by Michael Tchong, a New York-based consultant.

A total of 55 publications failed between January 1984 and January 1985 — a complete reversal of the 1983 market, when the same number were introduced.

Of those magazines which ceased operation, over half (28) were aimed at specific computer brands.

In spite of the softening market — and startling attrition rate among computer publishing ventures — five new magazines are slated to debut in 1985, according to Tchong. Meredith has brought out *Farm Computer News;* Long Island-based CMP Publications is introducing *Computer Retailer's Guide;* and Camden, Maine-located Computer Communications Inc. is unveiling *Data General Micro World*. In addition, the Lotus Corp. is launching a software magazine called *Lotus* and, for the AT&T computer, there is soon to be a new publication from Database Publishing in Austin, Texas, called *ATT Age*.

FUTURES

Effects of smoking on productivity

Another study on smoking, you say? If you've second-guessed the results, you may be in for a surprise. According to Response Analysis Corporation (see chart), the Princeton, N.J.-based market research firm commissioned by the Tobacco Institute, smoking has "no significant effect on productivity."

Surprised? Don't be. The conclusion is, in large part, a result of the study's definitions. For one, this report defines productivity as "the ability to do work" — not exactly a quantifiable, economic measure. Most other studies that have ventured to look at the question try to measure the cost of smoking in terms of additional insurance costs or time lost. When a company enforces a no-smoking policy, it's because the executives have discovered it costs their company as much as $10,000 a year to keep that smoker on board.

And that brings us to another point of difference. This study used the untraditional sample base of first-level supervisors in seven industrial categories. Senior vice president Alfred Vogel explains that these managers, who see their employees all day long, are in the best position to gauge performance.

Vogel will concede that the results of the 1,800 interviews are "perceptual, not economic. More people thought smoking has a positive effect on productivity," notes Vogel.

That last sentence is the key to this survey: The results paint a fascinating picture of on-line managers' attitudes, but the picture is perhaps a bit out-of-focus when it comes to resolving the question of productivity.

Lifestyle approach for healthcare marketing

VALS, the value and lifestyle typology developed by SRI International, is gearing up a new program designed for healthcare companies. According to Kent Mook, director of the New York office, "The program addresses specific healthcare industry issues, using the demographic arrangement of the VALS database."

The VALS database, already in use in about 150 companies, assigns people different lifestyle tags, based on their attitudes toward product decisions. The new HealthVALS, explains Mook, overlays this information with one more element: respondents' usage patterns of healthcare products and services. The program was devised by pooling the three sources SRI International uses in VALS research and using questions such as, "If this condition arose, how would you handle it?" Mook points out that such questions provide an attitudinal perspective specific to the healthcare industry.

A case in point is the difference in attitudes toward health maintenance organizations (HMO's) on the West Coast, where they are popular, and private doctors on the East Coast. "HMO's," comments Mook, "have practically reached the point, attitudinally, where they are regarded as drive-in centers."

SRI International, the Menlo Park, Calif.-based parent, hopes to see HealthVALS in use in 12 companies "to start." Mook says the prospects aren't necessarily healthcare companies, but also include consumer package goods companies "with a foothold in health and beauty aids." He cites the work the company has been doing with Johnson & Johnson, already a VALS user.

Because the VALS database is consumer oriented, Mook cautions that HealthVALS will probably appeal most to consumer marketers. "We've got elements collected from the business segment," he says, "but if your sole marketplace is a hospital, I don't know that this is the system for you."

Extrinsic Job Factors: Industry Results

"Based on your experience, tell me the effect on productivity or performance of each of the following. Remember we are asking about productivity or performance where you work and not whether the trait is desirable or undesirable for other reasons."

	All Industry	Contract, Construction	Manufacturing	Transportation, Communications, Utilities	Wholesale Trade	Retail Trade	Finance, Insurance, Real Estate	Services
Base:	(1515)	(217)	(215)	(215)	(223)	(223)	(215)	(214)
Having people who smoke periodically while working								
No significant effect	52%	58%	45%	52%	60%	56%	47%	49%
Negative effect	33	25	35	36	28	32	42	36
Positive effect	11	13	14	10	11	10	8	10

Financial cable nets mean business

Undercapitalization, a lack of hard audience data, and a general shyness about cable made the financial networks' early days a rough go. Now, these programers are beginning to reap a return on their investment.

Low audience ratings and non-glamorous, hard-to-handle subject matter have given financial programing the image of a risky buy for advertisers. But the convergence of several developments is beginning to boost the attractiveness of business subjects to planners and programers alike. New video and satellite technology is bringing down production costs of specialized programs while cable beckons with new channels of opportunity. Meanwhile, public reliance has dramatically shifted from newspapers to tv as the main source of business news information. And finally, public concern over economic matters, prompted by the 1974 oil embargo crisis and fueled by "economic collapse" headlines, is demanding up-to-date, detailed, and often visual explanation by the media.

To satisfy those needs, the broadcast networks have expanded their range of business reporting on their nightly news shows. ABC is faring well with its 60-second primetime business insert, *Business Brief.* On PBS, Prudential-Bache is backing the weekly *On the Money,* which joins public television's roster of *Nightly Business Report, Enterprise,* and Louis Rukeyser's *Wall Street Week.* The ABC, NBC, and CBS radio networks are offering about a dozen hard-hitting business updates, call-ins, and chatty biz features. CNN Radio is marketing its *Talkabout . . .* series, and Dow Jones' *Wall Street Journal Report* continues to pull in such major advertisers as Dean Witter, Pru-Bache, and AT&T.

But it is ad-supported basic cable which is nurturing a full range of business and economic programs and attracting seductive demographics which advertisers are willing to pay a premium to reach.

By Paul Kagan Associates' account, financial programing generated $20-$30 million of the cable network industry's ad revenue last year. While that figure represents only 4%-5% of the cable nets' total revenue in 1984 of $462 million, financial programing could account for substantially more dollars this year as measurement studies affirm cable's high-end demographic targeting. Cable News Network's senior vice president John Barbera notes, "Financial programing can get $10 CPM's because it delivers that hard-core business target without broadcast's waste. Advertisers can get the same selectivity afforded by business journals but with the impact of tv."

Some analysts and agencies look upon cable financial fare's high CPM's with a more jaundiced eye, pointing to limited audiences and questionable attentiveness levels on narrow-targeted

Continued on page 64

Financial cable shows like CNN's Moneyline, Biznet *on USA, and* Business Times *running on ESPN, capture prime demographics and hard-to-reach decision-makers, luring pricey goods advertisers.*

BUSINESS TIMES

M & MD'S CABLE FINANCIAL PROGRAMS RATING/CPM COMPARISON

11/24 Network Subs; Millions	11/84 Ratings	House-holds (000)	CPM	$/:30
MORNING				
(28.1) USA M - F 6 - 7 AM BizNet News	.2	56	$ 6.25	$ 350
(34.8) ESPN M - F 6 - 7 AM Business Times	est .3	104	$ 9.13	$ 950
7 - 8 AM Business Times (R)				
8 - 9 AM Business Times (R)				
(17.6) FNN M - F 6 - 7 AM Business Today I	*	53	$ 6.60	$ 350
7 - 8 AM Business Today II	*			
8 - 9 AM Money Talk	*			
9 - 10 AM Business Today III	*			
(22.0) Lifetime M - F 11 AM - 12N Smart Money	*	218	$ 5.68	$ 500
AFTERNOON				
(17.6) FNN M - F 10 AM - 4 PM Market Watch	.3	53	$ 8.49	$ 450
4 - 5 PM Moneytalk	.3	53	$ 8.49	$ 450
4 - 6 PM Wall Street Final I	.4	70	$10.00	$ 700
6 - 7 PM Wall Street Final II	.3	53	$10.37	$ 550
PRIMETIME				
(28.1) USA M - F 8PM** Wall Street Journal, Late News Report	1.8	506	$ 5.13	$2600
M - F Prime**Wall Street Journal, Late News Report	1.7	478	$ 5.13	$2450
(30.6) CNN M - F 7 - 7:30 PM Moneyline	.8	245	$ 8.98	$2200
M - F 11 - 11:30 PM Moneyline	.6	184	$ 8.97	$1650
(22.0) Lifetime M - F 6 - 7 PM Smart Money	.4	88	$ 5.68	$ 500
11 - 12 AM Smart Money	*	88	$ 5.68	$ 500
WEEKEND DAYTIME				
(28.1) USA SAT. 1 - 3 PM Wall Street Journal	1.0	281	$4.98	$1400
3 - 5 PM Weekend Memo	2.2	618	$4.85	$3000
SUN. 1 - 3 PM WSJ Weekend Memo	1.5	422	$4.74	$2000
3 - 5 PM WSJ Weekend Memo	1.3	365	$4.79	$1750
(34.8) ESPN SAT. 9 - 10:30 AM Business Times,	est .5	174	$8.62	$1500
SUN. 11 - 12:30 PM Mangement Rpt.	est .6	209	$8.61	$1800
(30.6) CNN SAT. 9:30 - 10 AM Moneyweek	1.1	337	$8.90	$300
SAT. 6:30 - 7 PM Pinnacle	.9	275	$9.09	2500
SUN. 2 - 2:30 PM Moneyweek (R)	.7	214	$8.88	$1900
SUN. 6:30 - 7 PM Inside Business	.7	214	$8.88	$1900
(22.0) Lifetime SAT. 1 - 2 PM Smart Money	.4	88	$5.68	$500
SAT. 5 - 6 PM Smart Money	.4	88	$5.68	$500
WEEKEND PRIME/LATE NIGHT				
(30.6) CNN SAT. 11 - 11:30 PM Pinnacle (R)	.4	122	$9.02	$1100
SUN. 11 - 11:30 PM Inside Business (R)	.3	92	$8.97	$ 825
SUN. 2 - 2:30 AM Moneyweek (Not reported)				

**Negligible   **2 Minute Drop-In*

business networks during non-prime-time hours. Ira Bernstein, director of programing at Kenyon & Eckhart, claims, "Most high-ticket advertisers can do better in primetime on networks with a greater diversity of audience for business shows, whether that's on CNN or a broadcast network with broader audience appeal." Cranlin and Company analyst Tony Hoffman also questions the value of advertising pricey goods on cable's financial networks. "The CPM's on those shows are astronomical considering the lower-cost options like print. TV is great at announcing consumer products to the great unwashed. But print is better at attracting consumers considering expensive purchases."

CNN launched the cable financial genre in June 1980 with the first live, nightly economic newscast, *Moneyline*. Nielsen's November 1984 measurement showed that program skewed to a higher 7-7:30 p.m. demographic than did CBS, NBC, or ABC's newscasts. *Moneyline* captured 35% of the $40,000+ income viewership; CBS, 18%; NBC, 22%; and ABC, 21%. *Moneyline* also delivered a higher proportion of the higher-educated households during that daypart: 34% of *Moneyline* viewers had four or more years of college; CBS, 20%; NBC, 17%; and ABC, 18%. Although broadcast nets reach a larger audience base, CNN's Barbera claims his network skims off nearly 75% of broadcast's "waste circulation." He notes, "Just as *Business Week* has an advantage over *Reader's Digest* in less waste for the $40,000+ target, CNN captures more viewers in the higher demo. You get greater target for your money."

The news network offers five hours weekdays and four on weekends of financial programing, plus four minutes per hour for updates. *Moneyline*, *Futures Report*, and *Wall Street Update* offer a variety of buying options. Advertisers like Chevrolet, Ford, and Royal Copiers buy one minute spots within *Moneyline*'s half hour, entitling them to a billboard. Product exclusivity is offered to advertisers buying one-and-a-half minutes within the half hour. Barbera says most opt for combination buys in early and late segments.

Shearson Lehman/American Express's sole sponsorship of *Futures Re-*

port affords them exclusivity and renewal opportunities. A variety of sponsors like ITT and Wang buy into *Wall Street Updates* through scatter. Wang also buys in the 8 p.m. prime news and the 10:00 p.m. general news to catch the white-collar execs, notes Barbera, who claims 85% of inventory is consistently sold-out.

Weekends, CNN is formatted for anthologies like *Moneyweek*, which analyzes the week's major financial and business news (advertisers include Merrill Lynch and BMW); *Inside Business*, in its fourth year of interviewing business leaders, with original sponsor Lanier as well as Dean Witter and Allegheny Corp; *Your Money*, sponsored by Toyota, which offers daily personal finance advice; and *Pinnacle*, sponsored by Data General, which goes behind the scenes with business leaders.

Dennis Byron, director of corporate marketing communications for Data General, says of *Pinnacle*, "This type of specialization aimed at business-to-business is exactly the type of editorial environment we seek in print as well as cable. The editorial quality and rising subscriber base will be the keys to financial programing's success on cable." CNN cross-promotes *Pinnacle* on *Moneyline* and throughout its various financial news segments.

Barbera emphasizes the importance of merchandising and utilization of corporate distribution channels to promote a show. For instance, Computerland, with CNN's assistance, will offer sales contests to stimulate interest among its distributors in its regional offices. "We're constantly coming up with merchandising ideas to promote viewership and involve advertisers," says Barbera, citing point-of-purchase offerings, mailouts and posters announcing various shows. CNN offers advertisers a minimum of ten on-air promotion spots on the weekend, as well as guaranteeing promotional kick-offs. The network, which generated $45 million in revenues last year, is expected to garner $64 million in 1985.

CNN's future includes futures reporting, an area which vice president/manager of business news Lou Dobbs says has been "a swampy, risk-taking area. We're going to demystify that market and make it as accessible to the public, as is the equity market." To that end, CNN will add live coverage from the Chicago Mercantile and Board of Trade, and the New York Mercantile and Commodities Exchanges. "As tv viewers become more sophisticated about the economy, areas which have been arcane, such as futures and options, will become more interesting. CNN will devote a sizeable portion of its operating budget to report live from exchanges worldwide," adds Dobbs.

Initially hampered by lack of audience measurement to help draw ad dollars to support its ambitious programing and high overhead, two-year-old *Business Times* is now picking up stride. Analysts are projecting profitability this year as data showing high tune-in levels among corporate decision makers lure a "Who's Who" of high-ticket advertisers. *Business Times* delivers its daily Ace-award-winning morning business report and its *Business Times/Wharton Management Report* (tv's first regular management series) over ESPN through a leasing arrangement. As of Nielsen's fourth quarter measurement of ESPN households, *Business Times*' average weekly cume delivery was 625,000 viewers. This does not include viewership during the delayed broadcast (West Coast feed).

THE FIVE LEADING FINANCIAL MAGAZINES CPM/CIRCULATION

Magazine	Circulation*	4/C Page	CMP (1)	Total Readers** (mill)	CPM (2)
Business Week (Worldwide)	857,600	$45,188	$52.70	5.0	$9.04
Forbes	725,727	33,760	46.52	2.6	12.98
Fortune	710,141	39,470	55.58	2.8	14.10
Inc.	551,390	32,925	59.71	1.2	27.44
Money	1,505,964	43,785	29.10	6.8	6.44

CPM (1): based upon dividing page rate by average circulation
CPM (2): based upon dividing page rate by total readership
**Audit Bureau of Circulations for six-month period ending December 31, 1984*
***Mediamark Research, Fall Report*

The business channel set out to create a tv version of *The Wall Street Journal* or *Business Week*, explains vice president of advertising, Ed Hughes, a former *Business Week* exec. "Our feeling was that the average business manager is deluged by an overwhelming number of magazines. We wanted to consolidate that information and present it to targeted viewers while giving advertisers a way to communicate with a narrow public," he notes.

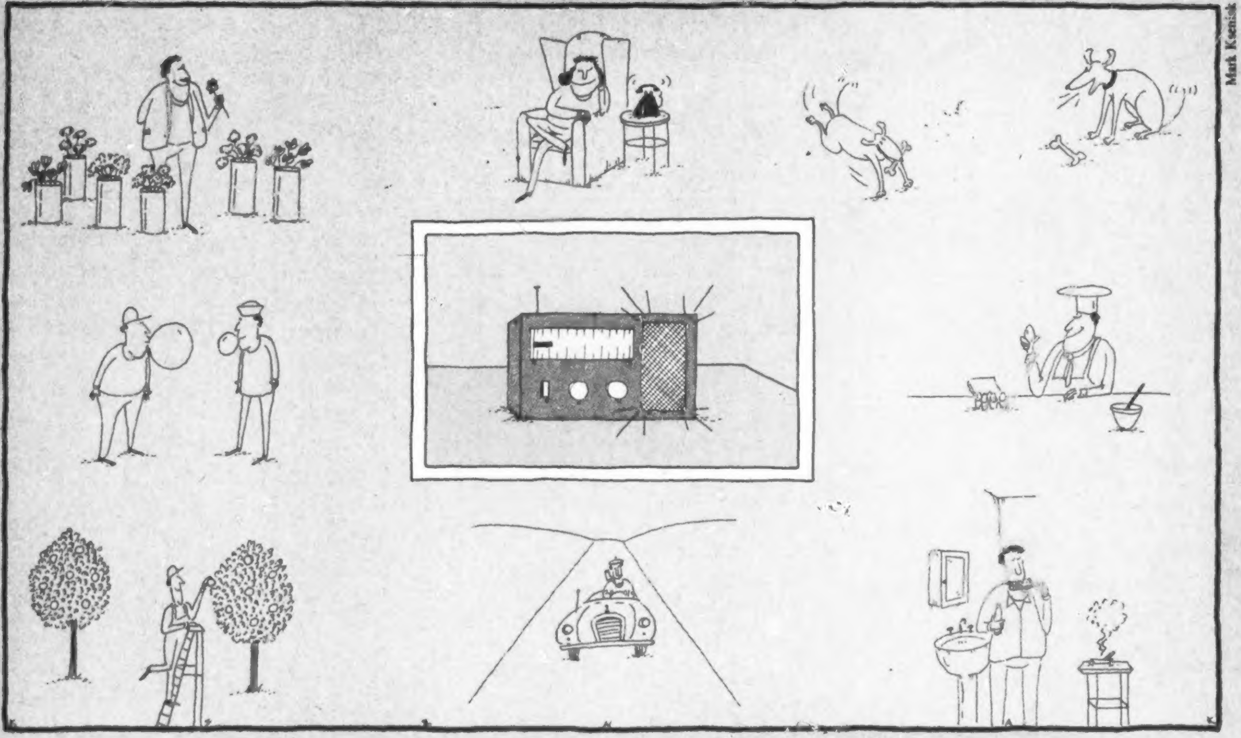
Business Times is the first cable net to commission a study by Opinion Research Corporation, a premium readership measurement service for business publications. This type of documentation is more applicable to *Business Times* than is Nielsen's measurements, which are limited in its upper demographic meter sampling, says *Business Times* vice president of research Ron Schneier. Yet by both Nielsen and ORC tallies, *Business Times* is generating high numbers among selective audiences. ORC's Executive Caravan measures the top- and mid-management of the Fortune 100 companies; its Mid-Executive Caravan surveys top- and mid-management of mid-market corporations ($10 million-$70 million in sales, 100 or more employees). In its third quarter Executive Caravan study, ORC notes that 50% of its sample receive ESPN either at home or in the office. Of those execs, nearly 50% are aware of *Business Times* and 8%-10% are regular viewers. According to its Mid-Exec Caravan, 55% of surveyed execs receive ESPN. Among those, nearly 50% are aware of *Business Times*, and 11% regularly view.

A comparison of *Business Times* with network morning news programs points to the service's competitive potential with broadcast programing. In cable and non-cable homes, *Business Times* accrued a 4.4% regular weekly

Continued on page 156

SPECIAL REPORT

RADIO



Mark Ksenick

Radio plays its own unique role in the media strategies of national advertisers. In this Special Report, DECISIONS tells who's spending what and where in radio, breaking out the Top One Hundred Spenders in both national spot and network radio.

In addition, DECISIONS has isolated the top 30 product categories in each sphere, providing the top three brand spenders for each category. All determinations are based on data provided from Radio Expenditures Reports for national spot activity, and from Broadcast Advertisers Reports for network radio expenditures of the seven networks it covers.

All in all, 1984 was a growth year for the aural medium. It boasted a 22.2% increase in national spot activity, with volume reaching $1,330,462,742 last year, compared with 1983's spending of $1,108,387,406, according to RER. Network radio, as measured by BAR, had a relatively flat year, with 1984 spending reaching $270,438,700, compared to 1983's level of $263,311,800. That represents an increase of only 2.7%, according to BAR, which only monitored seven of the 21 networks in 1984. BAR will be measuring 15 networks in 1985, with its "new and improved" measurement of the medium.

Radio has its share of enthusiastic users, and DECISIONS talks with four very different kinds of radio advertisers — Campbell Soup, Taco Bell, Ciba Vision and Coors — profiling the why's and how's behind their radio buys. In addition, agency radio buyers sound off about the perils and pitfalls of buying radio, while sellers tell what can be expected in network radio for the upcoming year.

Agencies and radio: love or hate?

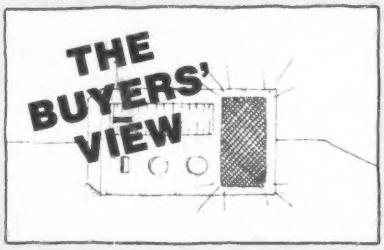
Radio is a highly fragmented, misunderstood medium. Applauded by agency buyers for its ability to effectively reach highly specialized audiences, radio is also booed for its unwieldy mode of operation.

Radio's structure resembles more a maze than an organizational chart. It can be bought in a multitude of forms: directly from the station for a local spot buy; through a rep firm which handles national buys for hundreds of radio stations — either individually, or collectively as an unwired network; or through a wired radio network. Radio networks provide a block of programing for affiliates. They, in turn, give up a portion of their broadcast time for programing with some ad time held back by the nets and sold to national advertisers.

That sounds somewhat like television — and not too difficult — but that's only the beginning. There are some 9,600 radio stations on the air today, programing dozens of different formats, compared with tv's 900 tv stations, of which 600 or so are network affiliates airing mostly one of three network feeds. On top of the local programing options of radio, the medium also offers 21 national network programing services — ranging from 5-minute news snippets to longform concerts — picked up by hundreds of affiliates who will broadcast them at various times of the day.

Instead of approving of all these options, many agency media buyers complain that purchasing radio is too time consuming and confusing. Their biggest gripe is that all too often they are dealing with inexperienced radio reps who do little more than take up their valuable time. And media directors, looking at the bottom line, wonder whether the time spent on making radio buys is worth the bother. Considering the size of most clients' actual expenditures in the medium, many agencies feel the return is not great enough for the amount of dollars being spent. This belief translates into a preference for tv buys which are cleaner, swifter and more lucrative in terms of agency media commissions.

There's no question about it — for New York agencies, radio is simply the tail on a very large tv dog. The statistics on the radio industry's advertising volume prove that the action is not coming from the agencies. Of the $87.4 billion spent in all advertising vehicles last year, $5.8 billion found its way into radio. And of that $5.8 billion, only $1.45 billion came from the coffers of national advertisers in either network or national spot radio buys. That means that the bulk of radio's advertising volume — about 75% — came from the ma and pa retailers, who plunked down their $5-$10 for a spot on one of those 9,600 stations in the country. (National spot accounts for about 15% to 20% of total radio revenues, while network hovers in the 10% range.)



And that's where radio's share of the total ad volume has been for the past few years, laments Radio Advertising Bureau's senior vice president of communications, Daniel Flamberg. "For radio to gain one percentage point over other media, well, that's a hell of a lot of activity," sighs Flamberg.

But the radio industry is making a concerted effort to find out what needs to be done to better its appeal for national advertisers' dollars. Last month, Eastman Radio, a rep firm, unveiled its survey of agency media directors which was designed primarily to find out just how much agencies were planning on spending in radio this year. It also sought to learn what their attitudes were about radio. Both positive and negative responses were encouraged. Of the 75 respondents, 44 reported that spending in radio would be up 10% or more.

"That is a very healthy statistic for the radio business in 1985," enthuses Carl Butrum, head of Eastman sales. Radio is not without its advantages, according to those surveyed. In response to the question, "What do you think are radio's strongest attributes?" 57 said format selectivity/targetability; 43 cited production and placement flexibility; 31 noted frequency; 31 found radio efficient; 20 pointed to its creative flexibility; 19 said immediacy; 13 thought it was a personal medium; and 10 commented on its reach.

In response to the question, "What are radio's weaknesses?" 36 said its limited reach and fractionalization; 36 found it difficult and/or expensive to buy; 31 did not like its lack of visualization; 12 said radio was inefficient; nine called it a background medium; and six felt that planners don't understand the medium.

Another question asked media directors for suggestions on what reps can do specifically to make radio buying easier. Ten respondents had no answer; nine suggested more selling efforts at the planning level; nine said, "you're doing great already"; eight suggested sell the medium first (station second); six wanted more service; and six said reps should know more about stations/markets.

Butrum concluded from the results of the survey that "client and account

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Radio nets' strong upfront tempo

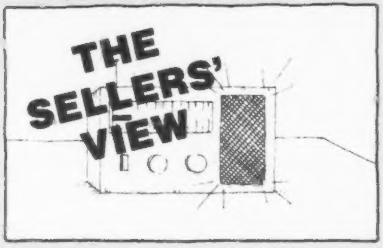
After taking a beating last year, network radio is coming out fighting. Based on a strong upfront season and generally good vibes from advertisers, most radio networks are looking for the kind of double-digit increases enjoyed prior to 1984's heart-stopping 5.5% growth rate.

The blame for that less-than-impressive growth is being laid at many doors. The Olympics and national political conventions of 1984, rather than boosting the fortunes of radio, drained advertisers from radio and sent them to television. The shadow of the "RKO scandals" may have further put the damper on radio buys. Then too, traditional radio networks are having their identities challenged by growing numbers of syndicators with national lineups, as well as "unwired networks," assembled by radio reps. More than ever before, "network" radio and "national" radio buys are coming to mean the same thing. In addition, radio is acquiring new competitors as advertisers seek the kind of closely-targeted marketing associated with such media as direct mail.

There are also a number of reasons for network radio optimism in the coming year, going beyond the absence of presidential elections and the Olympics. The much-touted "specialization" of the traditional networks (ABC, for example, grew from four to seven networks) is now paying off as the newer players reach a level of maturity. While no similarly earth shattering expansion is predicted for the coming year, longform programing continues in a variety of shows, and there remain far more network spot availabilities today than could even be dreamed of a decade ago.

Nationally-known air personalities are continuing their return to network radio, and are bringing loyal listeners with them. Advertisers haven't forgotten that reach and frequency of a combined television/radio buy far exceed that of either medium alone. A gigantic new demographic buy, adults 35-64, looms as a new choice for advertisers as the country continues its "graying" trend. While that demo has yet to be broken down as part of standard ratings reports, heavyweight advertisers like Sears reportedly are giving it more than a modest amount of research attention.

"Last year was a disappointment," admits ABC Networks president, Edward McLaughlin, recalling "a very bad first half, a solid second half and a very good fourth quarter." Indeed, network revenue growth for the first nine months of 1984 was only about 3%. However, growth in the fourth quarter jumped 13.5% (in December alone, the revenue increase between 1983 and 1984 measured 22.3%), resulting in an overall 1984 growth of 5.5%. Total 1984 network radio sales reached $270.4 million, up from $263.3 million in 1983. According to the Radio Network Association projections, 1985 sales will top 1984 revenues by 15%, which would push revenues over $300 million for the first time in network radio history.



McLaughlin, though predicting a "slightly more conservative" rise of 12%-15% in 1985, is also quite upbeat about networks' prospects. "So far we've seen a very good upfront season, with $140-$150 million upfront, and the real potential for that $300 million gross network revenue year," enthuses McLaughlin.

"We can safely say that radio networks are a lot more vital than they've ever been," says Dick Penn, senior vice president, NBC Radio Networks. "There has been growth in a number of radio networks, and that can only serve marketers better in giving them more options in targeting potential clients. Now we're seeing program suppliers beginning to deliver better as far as national audiences are concerned, and some are developing new areas."

Fueling radio's optimism, says Robert Kipperman, vice president and general manager of CBS' RADIORADIO, are the number of new advertisers coming into the marketplace in 1985. "Radio is perceived as a very strong medium, and with television prices increasing, there's no reason why this growth won't continue," he reasons.

"There were some people who thought there might be a little timidity on the part of advertisers, based on the bad press the industry got during the middle part of last year (at that time, RKO's shortage problems drew national attention). But that has not been the case," says Dick Brescia, senior vice president, CBS Radio Networks, and chairman of the Network Radio Association. "I think RKO has done a good job of trying to get their act together and deal with those agencies and clients they felt needed some special attention. For the most part, the advertisers and agencies that had questions had them answered . . . and based on their actions in the fourth quarter, they're putting their money where their mouth is."

Regardless of whether the advertising community's questions have been answered, the well-publicized "errors in charges to advertisers, and in pay-

Continued on page 102

TOP 100 NATIONAL SPOT RADIO ADVERTISERS FOR 1984*

Parent Company	1984	1983	% Change
1. Anheuser-Busch, Inc.	$38,287,615	$40,675,474	(−1.1)
2. American Tel & Tel	33,316,321	27,949,277	(+19.2)
3. General Motors Corp.	30,835,890	29,079,420	(+6.0)
4. Van Munching & Co.	30 650,862	14,603,486	(+109.8)
5. Pepsico, Inc.	25,025,258	14,204,903	(+76.2)
6. Miller Brewing Co.	20,855,730	19,213,578	(+8.5)
7. Delta Airlines	19,321,033	15,309,071	(+26.2)
8. Coors, Adolph, Brewing Co.	18,926,904	21,577,976	(−12.3)
9. Chrysler Corp.	18,776,568	16,651,110	(+12.8)
10. Political Advertising	14,317,130	2,650,510	(+440.2)
11. Stroh Brewing	13,447,456	10,532,392	(+27.7)
12. Southland Corp.	12,479,386	12,146,338	(+2.7)
13. Pillsbury Co.	11,998,574	9,639,626	(+24.8)
14. American Airlines	11,993,761	8,300,470	(+44.5)
15. Ford Motor Co.	10,798,507	12,993,143	(−16.9)
16. Midas Mufflers	9,957,157	6,162,009	(+61.6)
17. Shell Oil Corp.	9,940,254	2,419,768	(+310.8)
18. Sears Roebuck	9,748,424	5,496,631	(+77.4)
19. Ralston Purina Co.	9,616,600	8,829,529	(+8.9)
20. Zayre Stores	9,408,809	6,926,948	(+35.8)
21. Martlett Importers	9,132,412	10,917,262	(−16.3)
22. Greyhound Corp.	9,093,424	8,918,623	(+1.9)
23. Coca-Cola Co.	8,654,540	8,048,439	(+7.5)
24. Apple Computers	8,381,964	2,229,714	(+275.9)
25. Nissan Motors	7,583,457	10,880,583	(−30.3)
26. United Airlines	6,802,057	14,635,557	(−53.5)
27. American Honda Motors	6,735,788	11,035,814	(−38.9)
28. K-Mart Corp.	6,512,338	4,866,995	(+33.8)
29. Heileman, G. Brewing	6,483,316	5,983,942	(+8.3)
30. Gulf Oil Co.	6,455,853	3,683,061	(+75.3)
31. IBM Corp.	6,385,584	5,473,961	(+16.6)
32. Pennzoil Corp.	6,317,075	3,234,783	(+95.3)
33. American Express Corp.	6,133,105	4,685,558	(+30.9)
34. Piedmont Airlines	5,932,786	5,548,064	(+6.9)
35. Standard Oil of California	5,920,324	4,947,442	(+19.7)
36. Eastern Airlines	5,707,637	9,218,198	(−38.1)
37. Blue Cross/Blue Shield	5,702,670	2,091,899	(+172.6)
38. Bank of America	5,597,237	7,591,225	(−26.3)
39. Seven-Up Co.	5,588,878	3,269,194	(+70.9)
40. Quaker Oats Co.	5,480,091	1,496,026	(+266.3)
41. General Mills, Inc.	5,351,165	6,197,550	(−13.7)
42. Columbia Pictures	5,277,455	1,484,638	(+255.5)
43. Toyota Motors	5,262,726	3,342,754	(+57.4)
44. Woolworth, F. W.	5,236,852	3,714,007	(+41.0)
45. Matsushita Electric Corp.	5,201,918	2,415,362	(+115.4)
46. Continental Airlines	5,140,996	1,401,471	(+266.8)
47. Schering Plough	5,015,828	2,094,101	(+139.5)
48. Marriott Corp.	4,873,041	3,545,270	(+37.5)
49. Fotomat	4,866,972	5,661,365	(−14.0)
50. Northwest Orient Airlines	4,852,293	5,883,621	(−17.5)
51. Hormel, George A., Co.	4,850,528	2,120,681	(+128.7)
52. Pabst Brewing Co.	4,837,150	4,412,410	(+9.6)
53. Howard Johnsons Co.	4,709,953	2,077,146	(+126.7)
54. American Oil (Standard Oil of Ind.)	4,619,081	1,264,037	(+265.4)
55. Republic Airlines	4,556,043	5,336,725	(−14.6)
56. Holly Farms Poultry	4,502,304	2,230,755	(+101.8)
57. Farmers Insurance	4,432,617	3,549,379	(+24.8)
58. Zales Jewelers	4,368,982	3,404,094	(+28.3)
59. General Telephone & Electric	4,365,889	2,457,894	(+77.6)
60 RJR Foods	4,353,874	N/L	(N/L)
61. Albertsons Stores	4,158,666	1,223,072	(+240)
62. Schieffelin & Co.	4,057,416	4,609,353	(−11.9)
63. M/M Products	4,018,172	1,743,493	(+130.5)
64. Host International	3,972,000	1,200,266	(+230.9)
65. United States Army	3,928,405	2,568,738	(+52.9)
66. Canadian Government Travel	3,851,580	1,739,678	(+121.4)
67. McDonald's Systems	3,827,425	2,077,305	(+84.2)
68. Spartan Food Systems	3,745,094	3,348,583	(+11.8)
69. Johnson, S.C., Co.	3,654,112	551,206	(+562.9)
70. Union Carbide Corp.	3,581,172	2,847,378	(+25.6)
71. Peoples Express Airlines	3,538,654	2,560,737	(+38.2)
72. Procter & Gamble Co.	3,517,434	2,796,392	(+27.7)
73 Health America	3,278,292	N/L	(N/L)
74. Saga Corp.	3,223,358	2,197,028	(+46.7)
75. Kuppenheimer Factory Stores	3,158,083	33,576	(+9,305.7)
76. Radio Shack Stores	3,135,164	1,754,850	(+78.6)
77. American Dairy Assn.	3,103,594	4,734,316	(−34.4)
78. Campbell Taggart	3,040,924	145,573	(+1,998.9)
79. Gordon Jewelers	2,979,055	2,577,725	(+15.6)
80. Melville Shoe — Thom Mc An	2,957,759	54,865	(+5,290.9)
81. General Foods	2,945,492	1,628,324	(+80.9)
82. Volvo of America Autos	2,875,469	1,704,310	(+68.7)
83. First Jersey Securities-Invest.	2,817,096	3,522,270	(−20.02)
84. Hartford Insurance	2,813,959	1,722,953	(+63.3)
85. Fine Jewelers Guild	2,799,818	1,585,824	(+76.5)
86. MGM/UA Entertainment Co.	2,791,348	782,765	(+256.6)
87. Iroquois Ind.	2,782,827	1,327,388	(+109.6)
88. Lucky Stores	2,771,297	4,068,079	(−31.9)
89. Great Western Savings	2,745,951	2,304,107	(+19.2)
90. Trans World Airlines	2,734,977	3,811,435	(−28.2)
91. British Airways	2,722,001	2,206,020	(+23.4)
92. Kay Jewelers	2,683,546	2,885,573	(−7.0)
93. NBC Companies	2,625,486	493,956	(−431.5)
94. Safeway Stores	2,623,933	1,721,534	(+52.4)
95. New York Times	2,588,134	814,908	(+217.6)
96. New York Air	2,586,801	1,135,677	(+127.8)
97. Target Stores	2,558,604	2,337,838	(+9.4)
98. Tyson Chicken Chunks	2,551,403	264,235	(+865.6)
99. Atlantic Richfield Co.	2,536,422	1,837,217	(+38.1)
100. Perdue Poultry	2,523,444	2,673,523	(−5.6)

* Courtesy of Radio Expenditure Reports data from 2,500 stations in more than 210 markets, supplied to RER by major radio representatives.

N/L = not listed

NATIONAL SPOT RADIO SPENDING

Top 30 Categories with Top Three Brands* for 1984

Category	Brand expenditures	Category total
1. Beer, Ale		**$158,0[illegible]5,804**
1. Heinekin (Van Munching & Co.)	$12,983,384	
2. Miller High Life (Miller Brewing)	12,731,888	
3. Budweiser (Anheuser-Busch)	12,289,640	
2. Airlines		**103,907,982**
1. Delta Airlines	$19,321,033	
2. American Airlines	11,993,761	
3. United Airlines	6,802,057	
3. Restaurants		**87,935,597**
1. Taco Bell (Pepsico)	$ 8,791,792	
2. Bennigans (Pillsbury)	7,975,111	
3. Jack In the Box (Ralston Purina)	7,919,250	
4. Cars & Trucks**		**75,004,624**
1. General Motors (Buick, Cadillac, Chevrolet, Oldsmobile, Pontiac)	$19,996,011	
2. Chrysler (Chrysler, Plymouth, Dodge)	18,705,550	
3. Ford (Ford, Lincoln Mercury)	9,447,521	
5. Public Utilities		**46,317,511**
1. Southern California Gas	$ 445,548	
2. Pacific Gas & Electric	339,354	
3. Southern California Edison	336,580	
6. Computers/Office Products		**45,027,000**
1. Apple Computers	$ 8,381,964	
2. IBM Corp.	6,385,584	
3. Matsushita Electr. Corp.	3,000,000	
7. Apparel		**44,873,709**
1. F. W. Woolworth	$ 5,191,924	
2. Zayre Stores	4,711,852	
3. Kuppenheimer	3,158,083	
8. Gasoline and Oil		**43,765,000**
1. Shell Oil	$ 8,950,960	
2. Gulf Oil	6,455,853	
3. Pennzoil Corp.	6,317,075	
9. Department Stores		**42,304,822**
1. Sears Roebuck	$ 6,502,570	
2. K-Mart Corp.	6,430,832	
3. Zayres Stores	4,696,957	
10. Banks		**37,809,796**
1. Bank of America	$ 5,597,237	
2. Greatwestern Savings	2,745,951	
3. California Federal Savings	1,919,123	
11. Auto Accessories & Parts		**36,624,620**
1. Midas	$ 9,957,158	
2. General Motors	7,963,781	
3. Super Shop Automotive	2,441,185	
12. Soft Drinks**		**31,859,108**
1. Pepsico (Pepsi, Pepsi Free, Pepsi Light, Slice)	$10,869,178	
2. Coca Cola (Coke, Diet Coke, Fanta, Fresca, Mellow Yellow, Mr. Pibbs)	8,109,236	
3. Seven Up Co. (Diet Seven Up, Like, Seven Up)	5,888,878	
13. Meats, Poultry, Fish		**30,497,586**
1. Holly Farms Poultry	$ 4,502,304	
2. George A Hormel (various)	4,447,801	
3. Tyson Chicken Chunks	2,551,403	
14. Grocery Stores		**29,615,902**
1. Southland Corp.	$10,997,583	
2. Safeway Stores	2,623,933	
3. Kroger Co.	2,163,743	
15. Cosmetics, Toiletries		**29,091,792**
1. Soft Sheen, M/M Products	$ 3,048,525	
2. Taking Care of Business, Alberto Culver	1,742,295	
3. Clairol's Summer Blonde	1,093,063	
16. Insurance		**27,542,716**
1. Blue Cross/Blue Shield	$ 5,702,670	
2. Farmers Insurance	4,432,617	
3. Hartford Insurance	2,813,959	
17. Amusements (motion pictures, broadcast)		**25,627,320**
1. Columbia Pictures	$ 5,277,455	
2. MGM/UA Entertainment Co.	2,700,404	
3. NBC Cos.	2,621,719	
18. Food Products		**25,177,973**
1. Frito Lay (corporate overall)	$ 3,534,562	
2. Bury-Lu Cookies (Quaker Oats)	1,433,945	
3. Chef Pierre Pies (Consolidated Foods)	1,033,150	
19. Government		**24,638,310**
1. Political — various	$14,317,130	
2. U.S. Army	3,928,405	
3. U.S. Navy	932,344	
20. Food Products (other)		**20,673,836**
1. Quaker Oats (various)	$ 1,693,044	
2. Liquor Barn	1,571,811	
3. Morton Thiokol Water Cond.	1,514,894	
21. Wine		**19,835,403**
1. Blue Nun (Schieffelin & Co.)	$ 3,169,175	
2. Canandaigua Wild Irish Rose	1,319,753	
3. California Cooler	1,225,004	
22. Fruits & Vegetables		**19,792,059**
1. Washington State Apples	$ 2,057,434	
2. Knudson Food Products	1,599,855	
3. Tree Top	1,477,388	
23. Drugs & Proprietaries		**19,541,742**
1. Schering Plough (various)	$ 2,474,331	
2. Walgreen Drugs	2,233,738	
3. Block Drug	1,847,505	
24. Jewelers		**18,698,429**
1. Zales Jewelers	$ 4,368,983	
2. Gordon Jewelers	2,979,055	
3. Fine Jewelers Guild	2,799,818	
25. Building, Hardware, Paint		**17,912,884**
1. Servistar Hardware	$ 2,349,785	
2. General Mills (Wallpaper To Go)	2,276,868	
3. Grossmans Lumber	1,357,962	
26. Farm Chemicals		**16,986,340**
1. Eli Lilly & Co.	$ 1,844,150	
2. Monsanto Chem.	1,477,928	
3. BASF Wyandote	1,392,236	
27. Household Furnishings, Appliances		**16,244,751**
1. Levitz Furniture	$ 2,460,581	
2. Whirlpool Appliances	1,787,666	
3. Breuners Furniture	1,594,192	
28. Domestic Tourism		**16,128,547**
1. Marriott Corp.	$ 3,405,842	
2. Six Flags Parks	1,296,473	
3. Michigan State Travel	1,030,415	
29. Optical/Photo		**15,572,742**
1. Fotomat	$ 4,883,014	
2. Eastman Kodak	1,717,242	
3. Benson Optical	1,507,144	
30. Publications		**15,177,005**
1. New York Times	$ 2,588,134	
2. Playboy	1,513,883	
3. Triangle Publications	1,447,041	

* Estimated expenditures provided by Radio Expenditure Reports, from RER's sample of 2500 stations in more than 210 markets, with expenditures from 15 rep firms.

** RER does not break out bottler or dealer expenditures by brand, so it is impossible to determine brand leaders for these two categories.

TOP 100 NETWORK RADIO ADVERTISERS FOR 1984

Advertiser	1984 Spending (million)	1983 Spending	% Change
1. American Telephone & Telegraph Co.	16,343.9	9,511.6	(+71.8)
2. Cotter & Co.	10,201.3	9,647.9	(+5.74)
3. Jeffrey Martin	9,349.1	21,730.9	(−56.9)
4. Sears Roebuck & Co.	8,630.3	10,628.5	(−18.8)
5. Warner-Lambert Co.	8,143.0	7,822.8	(+4.1)
6. General Motors Corp.	6,745.6	9,410.7	(−28.3)
7. Purex Indus.	6,715.0	2,787.6	(+140.9)
8. Dow Jones Co.	6,430.5	8,611.2	(−25.3)
9. Anheuser-Busch Companies	6,231.4	6,913.3	(−9.9)
10. Triangle Publications	5,227.7	2,576.5	(+102.9)
11. Nabisco Brands	4,938.0	4,695.9	(+5.2)
12. Pepsico	4,746.1	916.3	(+418.0)
13. Campbell Soup Co.	4,370.5	7,429.3	(−41.2)
14. Chrysler Corp.	4,141.1	2,858.0	(+44.9)
15. Abbott Laboratories	4,016.9	885.4	(+353.7)
16. Procter & Gamble Co.	3,976.5	1,504.2	(+147.5)
17. State Farm Mutual Auto Ins Co.	3,723.0	2,662.7	(+39.8)
18. Beatrica Cos.	3,345.1	673.5	(+396.7)
19. National Distillers & Chemical Corp.	3,183.6	(N/L)	(N/L)
20. Johnson, S. C., & Son Inc.	3,025.0	2,526.0	(+19.75)
21. American Egg Board	2,959.2	993.0	(+198.0)
22. Conagra	2,871.3	2,146.2	(+33.8)
23. Hartz Mountain Industries	2,808.9	2,977.7	(−5.7)
24. Kelly Services	2,733.6	(N/L)	(N/L)
25. Honda Motor Co. Ltd.	2,647.4	2,636.1	(+.43)
26. Florists Transworld Delivery Assn.	2,548.4	1,585.5	(+60.7)
27. American Express Co.	2,512.9	3,031.2	(−17.1)
28. Whirlpool Corp.	2,477.0	(N/L)	(N/L)
29. General Mills	2,429.2	2,364.2	(+2.7)
30. Dart & Kraft	2,380.7	3,161.1	(−39.9)
31. American Home Products Corp.	2,335.7	3,888.1	(−39.9)
32. Zale Corp.	2,209.7	567.4	(+289.4)
33. Pitney Bowes	2.175.1	1,975.5	(+10.1)
34. Greyhound Corp.	2,057.5	1,366.1	(+50.6)
35. Canon U S A	2,050.2	1,507.0	(+36.0)
36. Harris Corp.	1,987.7	(N/L)	(N/L)
37. Hormel, Geo. A, & Co.	1,972.8	1,398.9	(41.0)
38. Mem Co.	1,930.8	1,005.2	(+92)
39. Consolidated Foods Corp.	1,920.5	2,551.6	(−24.7)
40. U S Armed Forces (Jador)	1,797.9	2,734.3	(−34.2)
41. Revlon	1,716.4	143.7	(+1,094.4)
42. Gap Stores	1,704.6	(N/L)	(N/L)
43. General Foods Corp.	1,704.1	1,711.0	(−0.4)
44. Tokyo Shibaura Elec. Co. Ltd.	1,664.6	162.8	(+922.5)
45. Richardson-Vicks	1,600.1	919.0	(+74.1)
46. Gulf & Western Inds.	1,579.9	1,265.9	(+24.8)
47. Copper-Brite	1,550.0	1,050.0	(+47.6)
48. Chesebrough Ponds	1,546.0	(N/L)	(N/L)
49. Ford Motor Co.	1,525.0	7,185.5	(−78.8)
50. Bristol Myers Co.	1,520.3	1,544.4	(−1.6)
51. Allied Van Lines	1,473.7	795.5	(+85.3)
52. Mita Copystar America Inc.	1,464.4	102.9	(+1,323.1)
53. Gillette Co.	1,424.5	2,691.6	(−47.1)
54. Schering-Plough Corp.	1,423.2	2,829.8	(−49.7)
55. Goldhirsh Group of Boston	1,341.0	(N/L)	(N/L)
56. Pilot Pen Co. Ltd.	1,340.4	(N/L)	(N/L)
57. Johnson & Johnson	1,325.7	1,594.3	(−16.8)
58. BankAmerica Corp.	1,301.0	1,035.0	(+25.7)
59. M C A	1,225.5	253.6	(+383.2)
60. McKesson Corp.	1,211.0	1,150.1	(+5.3)
61. Phillips Petroleum Co.	1,200.6	891.6	(+34.7)
62. Sterling Drug	1,189.2	(N/L)	(N/L)
63. Nestle S.A.	1,148.0	747.5	(+53.6)
64. Internat'l Harvester Co.	1,121.7	1,136.2	(−1.3)
65. Borden	1,089.2	(N/L)	(N/L)
66. California Tree Fruit Agreement	1,076.2	1,187.5	(−9.4)
67. Blue Cross & Blue Shield Assns.	1,062.3	(N/L)	(N/L)
68. Goodyear Tire & Rubber Co.	999.4	655.0	(+52.6)
69. Tambrands	978.9	(N/L)	(N/L)
70. American Hardware Supply Co.	967.2	528.8	(+82.9)
71. Honeywell	965.6	521.2	(+85.3)
72. Wrigley, William, Jr. Co.	961.6	2,908.0	(−66.9)
73. Electric Co. Advertising Program	960.0	920.0	(+4.3)
74. Holiday Inns	944.7	1,536.0	(−38.5)
75. Sherwin Williams Co.	942.3	370.5	(+154.3)
76. Showtime — The Movie Channel	932.3	(N/L)	(N/L)
77. Eastman Kodak Co.	904.0	726.4	(+24.4)
78. National Live Stock & Meat Board	901.3	1,136.3	(−20.7)
79. Avon Products	898.2	(N/L)	(N/L)
80. Imperial Group Limited	892.6	269.1	(+231.7)
81. Sugar Association	881.1	(N/L)	(N/L)
82. Bayer, A. G.	874.0	2,660.3	(−67.1)
83. Hershey Foods Corp.	869.6	396.2	(+119.5)
84. California Almond Growers Exchange	842.4	(N/L)	(N/L)
85. Motorola	841.6	(N/L)	(N/L)
86. Searle, G. D., & Co.	837.4	911.0	(−80.1)
87. 800 Flowers Ltd.	835.6	(N/L)	(N/L)
88. Du Pont de Nemours, E. I., & Co.	817.8	771.1	(+6.1)
89. Ohio Mattress Co.	815.8	(N/L)	(N/L)
90. Insilco Corp.	815.7	(N/L)	(N/L)
91. Trans World Airlines	809.9	723.2	(+11.9)
92. Iroquois Brands Ltd.	805.0	582.4	(+38.2)
93. Continental Telecom	804.5	1,119.0	(−28.1)
94. Kerr Glass Mfg. Corp.	780.0	770.0	(+1.3)
95. Noxell Corp.	750.7	868.3	(−13.5)
96. Pennzoil Co.	736.1	1,631.6	(−54.9)
97. Castle & Cooke	716.3	409.5	(+74.9)
98. RCA Corp.	712.4	3,303.9	(−78.4)
99. Vita Plus Industries	677.2	253.9	(+166.7)
100. TCF Holdings	652.8	122.8	(+431.6)

Data courtesy Broadcast Advertisers Reports, Inc.

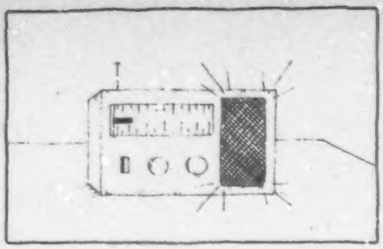
N/L = not listed

NETWORK RADIO SPENDING
BAR's Top 30 Categories and Top Brands for 1984

Category	Brand expenditures	Category total
1. Magazines, Newspapers & Other Media		$15,879,700
Wall Street Journal	$ 5,564.6	
TV Guide	4,227.7	
Inc. magazine	1,341.0	
2. Candy & Gum		$12,268,100
Trident Sugarless Gum	2,017.3	
Bubble Yum Bubble Gum (sugarfree)	1,274.1	
Certs Mints	1,131.5	
3. Hardware Stores		$11,158,500
True Value Hardware	10,191.3	
Service Star	967.2	
4. Long Distance Services		$10,422,200
AT&T Long Distance, Consumer	10,229.8	
AT&T Long Distance, Business	192.4	
5. Copiers/Office Machines		$ 8,234,700
Canon Copier	2,050.2	
Toshiba Copier	1,664.6	
Mita Copiers	1,464.4	
6. Passenger Cars, Domestic		$ 7,868,800
General Motors (general promo.)	1,497.7	
Dodge Auto — Omni	1,218.2	
Chrysler (various)	956.2	
7. Miscellaneous Medications		$ 7,681,300
Murine Eye Drops	2,708.5	
Doans Pills	1,509.3	
Trololane Hemorrhoid Remedy	1,308.4	
8. Beer & Ale		$ 7,584,400
LA Beer (Anheuser-Busch)	2,035.6	
Budweiser Beer	1,564.2	
Michelob Beer	1,404.0	
9. Department Stores		$ 6,768,200
Sears (multiple products)	2,306.5	
Sears apparel	703.8	
Sears auto	664.5	
10. Telephone Companies		$ 5,768,700
AT&T Information Systems	4,992.8	
AT&T (general promotion)	775.9	
11. Appetizers, Snacks & Nuts		$ 5,468,800
Frito Snacks, corn chips	1,781.9	
Lays Potato Chips	1,312.2	
Ruffles Potato Chips	1,147.7	
12. Meats, Poultry, Seafood		$ 5,350,200
Armour Food, Star Ham	1,206.3	
Spam Meat	1,007.6	
Armour Food-Star Franks	843.9	
13. Medicated Skin Products and Liniments		$ 5,054,200
Cuticura Medicated Soaps	1,152.7	
Oxy Product 10 Acne Cream	864.3	
Fostex Cleansing Bar & Gel	593.2	
14. Dental Supplies & Mouthwashes		$ 4,537,800
Topol Smokers Tooth Polish	2,415.2	
Crest Toothpaste (Reg & Gel)	1,709.1	
Clindmint Toothpaste	308.1	
15. Heavy Duty Detergents		$ 4,264,400
Purex Powder Laundry Det.	2,112.2	
Purex (various products)	1 267.6	
Purex, liquid laundry detergent & fabric softener	884.6	

Category	Brand expenditures	Category total
16. Investment Brokers		$ 4,167,600
Charles Schwab Stockbrokers	1,301.0	
Dean Witter Reynolds	1,002.7	
Sears Financial Network	859.4	
17. Fire, Casualty & Other Insurance		$ 4,091,900
State Farm, auto	1,261.0	
State Farm, home owners	1,122.7	
State Farm, all	979.0	
18. Soup		$ 4,021,400
Campbell	4,021.4	
19. Milk, Butter, Eggs		$ 3,996,900
Egg Promo	2,959.2	
Yoplait Food, reg. yogurt	793.9	
Custard Style Yogurt	123.5	
20. Wine		$ 3,921,400
Almaden	3,183.6	
Bell Adio Wine	516.8	
Blue Nun	172.6	
21. Home Electronics Equipment		$ 3,654,200
Delco Auto, car stereo	1,918.6	
Bearcat Products, radio/scanner	520.0	
Curtis Mathes Appliances	345.0	
22. Coffee, Tea & Cocoa		$ 3,464,500
Kava Coffee, instant	1,089.2	
Swiss Miss, sugar free, chocolate milk mix	540.2	
Folgers Coffee, regular	512.9	
23. Creams & Lotions		$ 3,068,000
Soft Sense Skin Cream	860.3	
Porcelana Fade Cream	749.0	
Bain de Soleil Tanning	394.0	
24. Passenger Cars, Imported		$ 3,044,600
Honda Civic	725.5	
Honda Accord	641.0	
Honda (Civic/Accord)	402.0	
25. Hotels, Resorts, U.S.		$ 2,941,600
Holiday Inns of America	994.7	
Howard Johnson Motor Lodge	892.6	
Best Western	491.1	
26. Feminine Hygiene Products		$ 2,918,600
Tampax Tampons	978.9	
Sure & Natural Maxi Shield	976.1	
Always Maxi Pads	560.0	
27. Commercial Trucks & Vehicles		$ 2,888,800
International Harvest (general)	1,121.7	
Dodge Pick up & Ram Charger	956.9	
GMC Trucks (various)	443.0	
28. Pet Supplies		$ 2,808,900
Hartz Mountain flea collars	1,012.4	
Hartz Mountain flea collars/flea powder	881.1	
Hartz Mountain flea spray	474.4	
29. Men's Toiletries		$ 2,777,300
English Leather fragrance	1,512.8	
Saxon men's after shave	683.5	
Gambler men's cologne	330.9	
30. Employment Agencies		$ 2,733,600
Kelly Temp Services	2,733.6	

Data courtesy of Broadcast Advertisers Reports, Inc.



AGENCIES AND RADIO

Continued from page 84

teams appear to play a much smaller role than we are sometimes led to believe." But what did come out of this questionnaire was the need to expose the virtues of radio to creative directors. Butrum also found an overall willingness on the part of media directors to listen and to learn more about radio. "They tell us, and they're right, that we are asking them to fight our battle for us all of the time, and that we have to get to the creative department to sell them on the virtues of radio," he adds.

The survey also identified one major problem, "and something we reps should all be concerned about — that only one media director said he used radio because it works. We know radio moves product, but there is a huge job to be done convincing agencies that it does," frets Butrum.

Some agencies, however, don't seem to need convincing, as they are already high on radio and have developed systems to take the sting out of the buy. Needham Harper Worldwide is one of them. In fact, it's hard to find a more enthusiastic supporter of network radio than Needham's Wes Dubin, who is the agency's senior vice president of network tv and radio, based in Chicago.

Needham will be spending about $30 million this year in network radio alone for a list of clients including State Farm Insurance, Armour Dial, Sears, Wrigley, Shasta, G.D. Searle, Kraft, General Mills, Quasar and Campbell Soup. "We do a lot of network radio here, probably disproportionately more than most agencies, because we believe it sells products," Dubin explains.

"It's really fun to negotiate network radio. There is absolutely no other media where there are so many opportunities to extend the value of the buy through sponsorship and merchandising opportunities," he enthuses.

Most of Needham's clients use network radio in conjunction with other media, "with very few using radio as the linchpin of their strategies," adds Dubin. "But they view it as an effective medium on its own, and not just an extension of tv's reach."

At Needham, within the broadcast group which buys network tv as well as network radio, a radio specialist concentrates on just that medium. "Frankly, we can do that, because we have the volume to make it cost efficient for the agency," he admits. "Many agencies find radio difficult and view it as a lot of work for so little in terms of billings. They almost treat it by saying, 'Who can we stick with radio?' " he laughs.

Network radio, he continues, delivers what cable promised in its early days — only better. Dubin points out radio can deliver 90% of the country, compared with cable's 44% penetration. "Cable was supposed to create all of these opportunities which network radio already does, and has been doing for years," he says.

> **"A lot of reps went to cable, and those that are left are either inexperienced or they're just too bogged down."**
>
> JULIE GUERRERO
> associate director of local broadcast,
> Needham Harper Worldwide, Chicago

But in Needham's local broadcast pit, spending on spot radio has dropped to 10%-12% of total broadcast billings, reports Julie Guerrero, associate director of local broadcast, in Chicago.

At one point, spot radio billings had represented 20%-30% of total local billings. The drop came when Anheuser-Busch recently moved its local buys to D'Arcy, St. Louis, which will be purchasing for all A-B brands' local radio spots directly from stations. While Needham is indeed agency of record for Michelob Light, Budweiser Light and Busch Beer, A-B is attracted to the direct buy which avoids the layer of red tape in dealing with the reps. "A lot of reps went to cable, and those that are left are either inexperienced or they're just too bogged down — they represent too many stations in too many markets," says Guerrero. What Guerrero likes, however, are the unwired networks. Talking about the McGavren Guild, Katz, Selcom and Blair unwired efforts, which facilitate local buys by packaging stations into one buy, Guerrero virtually becomes rhapsodic. "They put their very best salespeople and managers into the negotiation," she begins. "At the time I was making a buy for Anheuser-Busch, which we no longer handle, I told them I needed 39-40 markets to reach a young, male demographic, but that I had to be very careful about not getting the 12-17 year olds. I told them what kinds of stations I wanted and insisted on a veto option. Any station that they presented which I didn't want, I could simply veto and say no. They let me pick the stations I wanted. The ease was just incredible, and I got what I wanted," she happily relates.

Guerrero thinks that radio is much more interesting to buy than tv which "is just numbers." Radio, she believes, offers flexibility and promotion opportunities, but she notes that some clients, "and we have them here," don't even want to hear about radio. "They like tv because it makes them appear bigger than they are," she says.

Still, as enthusiastic as Needham's media specialists are about the promotional value of network radio, other agency buyers find it can be troublesome. At Foote, Cone & Belding, New York, David Lerner, a broadcast supervisor who handles network radio for Levi Strauss, offers some cautionary notes.

For Levi's, Lerner is looking for longform sponsorship events, not random radio spots. "We look for marquee value and we are very concerned with exclusivities," he explains. "The promotional values of the buy are important and play a huge role in the negotiations and the final price we pay."

"Sometimes, though, it's very hard to get that merchandising help promised by the networks. Sometimes they don't deliver. We have to check to see that they really did give away those 10,000 t-shirts they promised as part of our deal," he sighs.

Furthermore, network radio con-

THE RADIO BUYER'S PERSPECTIVE

Last April, Major Market Radio Sales, a New York-based rep firm, asked me and some other agency radio buyers to form a radio advisory board.

Major Market developed this advisory board as a forum in which radio buyers can air their views and see the perspectives from the sell side. These views represent the day to day dealings of buying radio and the problems that are inherent in the course of negotiations.

At the first official meeting in New York last April, Warner Rush, president of Major Market, made it clear that the board would not be self-serving to the interests of Major Market. All topics discussed, all findings, and any suggestions would be disseminated among all the major rep firms and the subsidiaries. And our topics ran the gamut.

One of the most common problems we at agencies share is dealing with inexperienced salespeople. There was a general consensus among the buyers that many rep firms assign inexperienced salespeople to their shops. These men and women lack not only sales ability but a basic knowledge of what they are selling. It's embarrassing to tell a salesperson that, "Yes! You do represent a station in a certain market. It is on your list."

The problem is not one-sided. Too many agencies assign their radio buying to inexperienced tv buyers. These lightweights are intimidated by the number of radio stations in a market and resort to closet buying to escape responsibility.

Topic number two is the importance of pre-sell and timing. For example, as it happened, a salesperson had a new station to discuss. We set up an appointment and she came prepared with a taping of a local news show highlighting the new station. We discussed the market and a few weeks later she brought in the station sales manager. More talk and more interest. By the time the buy came down, she had generated the necessary excitement to induce me to use the station. It was a fine example of pre-sell, and very much appreciated by me because she respected my time and responsibilities and timed her calls accordingly.

Negative sell is another issue and it's an unpleasant one. Nobody enjoys hearing stations constantly denigrated, particularly if this is the salesperson's main selling tool. If these stations are such "dogs" then why use radio in the first place? "Let's transfer the advertising budget to tv or print," becomes the refrain. In that scenario, we all lose — the stations, the reps, the clients, and those agency personnel who are committed to radio because it's an effective advertising medium.

Dennis McGuire, spot radio supervisor, Cunningham & Walsh

Granted, there are cases when a competitive station's poorer points should be mentioned: commercial clutter; a down-change in on-air personalities; erratic ratings. However, these are minor issues. I want to say to the salesperson, "Sell me the advantages of using your radio station because it's good and not because it's the best among a bad lot."

The fourth topic concerns the lack of radio pricing information. In the past, radio stations were understandably apprehensive about publishing their rates because of Arbitron's billing procedures. The higher the station rate, the higher Arbitron's bill would be. However, I understand that this is about to change. Regardless of Arbitron's policies, the lack of published rates is a deterrent to utilizing radio. Too often agency personnel are frustrated in their attempts to get a feel for the costs in a list of markets. A couple of phone calls are no big deal when you're only interested in a city or two, but when you have a list of ten or more and need the info "ASAP," the job is frustrating. It's common to find four or five of the top stations in a market not listing their rates. The planners' natural inclination is to avoid a medium that appears uncooperative, and the absence of rates is perceived as a hedging ploy on the part of the stations. Bottom line: Why bother?

The last point is the charging of different rates for different demographics. This is a thorny issue and has generated a lot of discussion in our group. Conceptually, the idea of a varying rate structure based on account or demographic is a sound one. However, in the practical analysis, the buyer in me balks at paying a higher rate for one product because the station has my audience and a lower rate when it doesn't. There's an underlying feeling in the buyer that the rate he is quoted is not the best and this leads to mistrust.

I had an instance where I was quoted wildly diverse rates for two non-competitive wines and a soft drink. Needless to say, the salesperson was horrified when I tried to apply the lowest rates for all three products. Is there a solution? Not yet. However, greater dialogue between the salespeople and the buyers on the subject can prevent the problem of mistrust from developing.

With time, a lot of discussion, and feedback from other agency personnel, as well as from the representatives and managers of stations, we feel that we can make the buying and utilization of radio spot time a more efficacious and profitable venture for all concerned.

Dennis P. McGuire

"In MMR, HBR showed a higher percentage of affluent adult readers* who bought home computers valued at $3,000 or more during the past year than *Omni, Science Digest, Discover* and *Scientific American*."

*With household incomes of $40,000 or more.

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certs, which are of major interest to teen-oriented Levi's, are difficult to buy upfront. "First of all, teens are fickle, so who's to say whether the talent you buy now for July will still be popular," he says. Another pitfall in these kinds of buys is that the rock stars have been known "to suffer from temporary chemical imbalances and may back out of a performance or an entire tour," he warns.

McCann-Erickson's former director of national broadcast, Dan Riordon, offers points to consider when buying network radio. "You have to work very hard to get the information from the radio networks in a usable form," advises Riordon. His major complaint is that some network salespeople leave entirely too much work for the agency to handle. "Sometimes they really don't help in expediting the buy," feels Riordon. "They'll say, 'Here's a printout of our lineup in every market for an 18-plus audience,' and I say, 'That's all well and good, but 12-34 is my target.' " The problem, he states, is that "there isn't much feedback." But he adds that this situation is more common with inexperienced salespeople than with the industry as a whole. Part of the problem stems from the fact that "radio lost many good salespeople to the promises of cable in the early days. While that's good for cable, it left a void that's being filled by some pretty inexperienced sales people," he believes.

Like others, Riordon is of the opinion that buying network radio is a very time consuming process. "This is because you're dealing with all the lower unit costs and buying so many specific things — events, concerts, that kind of thing," he explains.

Nevertheless, McCann will increase its network radio billings this year in the neighborhood of 30%-40%, predicts Riordon. "Network radio is coming back. The first quarter market was very tight because there's a higher acceptance of that form from the clients who appreciate the sponsorship opportunities," he explains.

Riordon handled unwired network buys in his department at McCann-Erickson. Unwired network is often handled in agency's local spot broadcast departments, but because of McCann's regional focus in spot buying, the unwired network buy is made out of the network group.

In Eastman's survey of media directors, 42 respondents said they were buying unwired networks — which is a package of 25-50 markets offered by a rep firm like McGavren Guild's Internet via one coordinated buy, with one billing. The buy is quite a bit easier and can often be cost advantageous.

Respondents cited a number of benefits in using unwired radio networks — ease of purchase, time savings, better rates, better control, targetability, merchandising and selectivity factors. On the negative side, they said unwired networks don't really save money, are not effective for specific target groups, result in buying stations that they didn't want, and that they lost control of the buy because of uncertain clearances. Nonetheless, those surveyed felt that unwired will become a bigger factor in the future.

> **"They view it [radio] as an effective medium on its own, and not just an extension of tv's reach."**
>
> WES DUBIN
> senior vice president
> of network tv and radio,
> Needham Harper Worldwide, Chicago

Currently within the McCann-Erickson media world, Laura Silton, senior vice president and general manager of Media Investment Services, shepherds national spot radio buys. Silton manages nine MIS units, based in seven of McCann's regional offices, which account for $200 million in spot tv, spot radio and local cable billings. "While radio is more complicated to buy properly, partially because it just comes up less often than tv, we buy radio very well," Silton says with some pride. McCann's spot radio clients include Coca-Cola, Lufthansa, Nescafe, Pabst, Sony, Seattle First National Bank, Texas State Optical, California Milk Advisory Board, Chevron, Pacific Gas & Electric, and Wells Fargo.

Their reasons for using radio are as diverse as the list of clients itself. Some use radio to supplement their tv buys; others, like Lufthansa, use radio as their primary medium in conjunction

"Mendelsohn reports HBR delivers 6.6 affluent adult readers* per copy—more than *Business Week, Fortune, Forbes, Dun's Business Month*, and the *Wall Street Journal*."

*With household incomes of $40,000 or more.

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with print. Client Coca-Cola, meanwhile, uses radio to reach the teenage audience. Coke has just created 2-minute, 90-second and 60-second versions of a new campaign aimed at teen radio audiences. The ads are entitled, "WCOKE" which are a series of vignettes about a mythical radio station, and feature the Cokettes, a Supremes-like rock group.

McCann has an unusual department structure for purchasing spot radio. Being market specialists, the buyers take a market rather than account approach, meaning that they are more aware of the competitive activities going on in their local areas. Also, McCann is an agency where buyers do both radio and tv, unlike "some agencies which separate radio buyers from the tv buyers, and where planners seldom see radio reps," notes Silton tartly.

> **"I think you can better target your audience with spot. What you're getting with unwired is ease in exchange for very uneven delivery."**
>
> LAURA SILTON
> senior vice president and general manager of Media Investment Services, McCann-Erickson

Indeed, Silton is of the opinion that the RAB should become more active in getting radio's message across to the planning departments. "It's really not the job of the reps. They have their own stations to worry about," asserts Silton. "It is the job of the RAB to more actively promote the medium." Silton seems glad that unwired is not in her corner, "because I'm not personally impressed with those kinds of deals. I think you can better target your audience in spot. What you're getting with unwired is ease in exchange for very uneven delivery. And it's very hard to reach your goals on that basis," she explains.

Like most agencies, according to Eastman's study, McCann determines cost per rating point on what it has paid on previous buys, rather than relying on "Media Market Guide," a published report, or relying on phone calls to reps to plan rates. "We determine CPM's by what we've already paid, and then negotiate with certain reach and frequency goals in mind," Silton explains. "Then we use the cume rating method, taking various cells and balancing them out to come up with a dozen combinations to reach the target. We negotiate and go with the cheapest combo," she outlines.

Over at Dancer Fitzgerald Sample, Sam Michaelson, vice president and associate buying director for radio, reports that the agency will bill $12 million in network radio this year and $34 million in spot, but will not reveal whether that spending level is above or below last year's levels. Dancer's biggest radio clients include L'eggs, Life Savers, Lorillard, Molson Golden, Republic, Toyota and Wrangler.

To facilitate buys, DFS's Michaelson would like, in addition to more time, added market and rate information and "more seasoned radio rep professionals."

To make sure radio gets its due, Michaelson sees to it that DFS planners are well-versed in the ways of radio. "We have a continuing program of workshops aimed at all levels of personnel to introduce plus update them to all facets of radio," she explains.

Unlike McCann, Dancer is not purchasing unwired radio networks. "We evaluate them when appropriate and have purchased them in the past," she notes, but the agency has not bought any recently because the need has not arisen.

Though it seems that nearly everyone has his hangups about radio, Joel Kaufman, manager of local broadcast at Foote, Cone & Belding, New York, wants it known he is one of radio's biggest fans. "I've been buying radio for 20 years and I really have no problems at all," he declares. Kaufman handles the agency's New York market spot buys. "If you get a particularly weak salesperson, then the more experienced salesperson will outsell them, and you'll never see the inexperienced one again," he says.

"The data are fine; our planners at Foote, Cone & Belding know radio; there is no agency bias against it; and I have no problems with negotiations. For me, it's just not difficult at all," concludes Kaufman.

Marianne Paskowski

"Of the 64 publications surveyed by Mendelsohn, the top four delivering the most affluent readers per copy are *Town & Country, Architectural Digest, Financial World* – and HBR."

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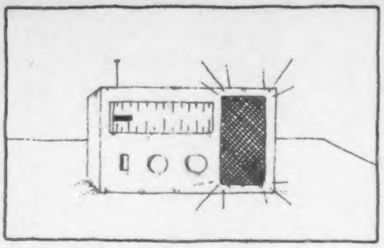


RADIO NETWORKS

Continued from page 85

ments to certain affiliated stations, during 1983 and 1984" by RKO General's RKO Radio Networks subsidiary, continue to have a significant impact on the network radio business. RKO Radio Networks were put up for sale and finally bought by United Stations. Before Arthur Kriemelman, who was vice president, director of sales for RKO Radio, resigned from that job to become vice president director of marketing for Westwood One, he reflected on the impact of the billings problem.

"The problems of the past have definitely strengthened us, and we've gone through a new foundation in our approach to the handling of our schedules and the advertisers' associated billing. The key, we think, to doing that is to have everything computerized that we can, and have a data readout on what is sold and what is for sale. This has been a direct and a positive byproduct of the previous errors. We have an 11-point system which we filed with the FCC to correct and make retribution for the billing errors and to see that there's not a reoccurrence. And on top of that, we added six other points, making it a state of the art system."

Other network heads agreed that some good has resulted from the RKO errors. "There have been far more post-buy analyses requested in the past six or eight months than there have ever been, and we welcome that," says Jack Clements, executive vice president and general manager of Mutual Radio. "Advertisers have a right to know where their dollars went, and we're pleased to show them."

Advertisers had a vast spot inventory to fill in 1984, and the avails are on the rise for 1985. According to information compiled by ABC Radio, based on RADAR (Radio's All Dimension Audience Research) Statistical Research, Inc., there were 2,643 minutes of network advertising time per week in 1984, or 5,030 30-second units, adding up to 261,560 units for the year. (Figures based on inventories of the seven ABC Radio Networks and Paul Harvey; the CBS Radio Network and RADIORADIO; the NBC Radio Network and the Source; the Mutual Broadcasting System; RKO 1 and 2; and Sheridan Broadcasting. These figures do not include the additional inventory offered by growing companies like Westwood One and United Stations.)

> **"Last year was a disappointment — a very bad first half, a solid second half, and a very good fourth quarter."**
>
> EDWARD McLAUGHLIN
> president, ABC Radio Networks

ABC's McLaughlin says that the seven ABC networks and Paul Harvey alone accounted for 94,224 units last year, representing 36% of total network radio inventory (the seven networks include Contemporary [12-49 demographic target]; Direction [25-49]; Entertainment [25-54]; FM [12-34]; Information [25+]; Rock [12-34]; and Talk [25-54]).

The CBS Radio Network (25+ demographic target) has 320 minutes of network spot time to sell per week, and CBS's RADIORADIO (18-34 target) offers 136 minutes per week (all figures are for basic schedules, not including special events, sports or longform music programs, unless otherwise noted).

RKO 1 (12-49 target) inventories total 128 minutes per week, and RKO 2 (25-54) offers 136 minutes of network spot time per week. The RKO Radio Shows (longform music specials with a 12-34 or 18-49 target) offer an estimated 120 30-second spot avails per week (all are Monday-Friday, 6 a.m.-midnight). Mutual's basic news inventory totals 252 minutes per week (6 a.m.-midnight, Monday-Sunday).

The NBC Radio Network (25-54 target) offers approximately 300 minutes of network spot time per week. NBC's The Source (18-34 target) offers 126 units (either 30 or 60 seconds) per week, and TalkNet (25+ target) has 147 (30 second) avails in an average week.

Satellite Music Network, which claims to be growing at the rate of one new affiliate per day, offers two minutes of network avails per hour in its 24-hour day lineup of Country Coast to Coast, StarStation (25-49 target), Stardust (35+ target) and Rock 'N' Hits (18-34 target). It hopes to claim 500 affiliates by the April National Association of Broadcasters (NAB) meeting.

Transtar Radio Network offers three different full-time formats, retaining one minute of network time per hour. Its country format targets 25-54 year olds; adult contemporary targets 32-year-olds, and its "Format 41" aims for a 41-year-old "optimum" listener.

Demonstrating the growth of longform programing in recent years, CBS's Kipperman recalled that RADIORADIO, which began in April 1982, went on the air with a total of 36 hours of longform programs for the entire year (three hours of longform and two 90-minute specials per month).

"In 1985, we will have more than 400 hours of longform music programing available to our affiliates on a series basis — not just one time only specials," Kipperman says. In addition to two "countup" programs now offered to affiliates (Top 30 USA and Dan Ingram's Top 40 Satellite Survey), RADIORADIO has added a new feature, Entertainment Coast to Coast (all offer five minutes of network time per hour). Another new series, Spirit of Summer, will air for 15 weeks between Memorial Day and Labor Day.

Among other new network offerings is NBC's Live From The Hard Rock Cafe, the first project to result from a

THE "NEW AND IMPROVED" BAR REPORT

When agencies received the first of their "improved" weekly BAR reports last month, they indeed found they were getting more bang for their research buck.

Broadcast Advertisers Reports, which is in the business of monitoring spot tv, network tv, cable and network radio advertising, has added eight radio networks to its tracking activities. New to BAR's roster are ABC Direction Radio Network, ABC Rock Radio Network, ABC Talk Radio Network, CBS RADIORADIO, Mutual Radio Network, NBC TalkNet and RKO 1 and 2. Its previous monitoring activity had only tracked ABC Contemporary Radio Network, ABC Entertainment Radio Network, ABC FM Radio Network, ABC Information Radio Network, CBS Radio Network, NBC Radio Network and NBC's The Source.

"Network radio has gone through a lot of changes over the past few years and we decided to expand our coverage beginning with the 1985 first quarter reports," explains Dave Thurston, BAR's executive vice president. Thurston oversees BAR's agency business, which is 150 subscriber agencies strong, and also designs the reports. The growth in the number of radio networks in the past few years has made it necessary for BAR to revise its report as well as its method of gathering data.

In addition to adding more radio networks to its report, BAR has installed three satellite dishes to pick up the broadcasts. Up until last December, BAR had monitored commercials via a direct phone line hooked up to a local affiliate. Now BAR picks up the data from satellite, records it and plays back the tapes to create program and commercial logs.

The new report will look very familiar to subscribers. BAR will continue with its weekly proof-of-performance reports, and its monthly and quarterly reports which report on total dollars spent, broken down by brand, by product classification, by parent company and by radio network. The monthly and quarterly reports are used by agencies to check competitive activity, while the weekly reports are used primarily for proof that the advertising actually aired.

Most New York agencies and the measured radio networks already subscribe to BAR's report. In fact most of them buy the entire report, which includes activity on network tv, spot tv, cable and network radio. Smaller agencies with broadcast billings under $20 million can cherry-pick the package and buy what they want. Agencies are charged based on their broadcast advertising billings, ranging from the smallest agencies paying a few thousand dollars for BAR data to the largest shops paying upwards of $50,000 for the package. BAR introduced a new rate card in the first quarter, with increases because of the addition of eight radio networks and two new cable networks.

"One of the interesting coincidences about the development of our new network radio service is that the planning came up right in the middle of the RKO scandal," recalls Thurston. "That was entirely coincidental," he stresses, "and we were not prompted at all by that situation. But the agencies are delighted that we are going to be adding RKO as well as the others. If we had been there before, they [the shortages] obviously could not have happened," he claims. "This system would have discovered it." *Marianne Paskowski* new radio production arm called NBC Entertainment.

Other networks, while not adding measurably to their longform offerings, stress that 1985 will be a time of maturation and improvement.

"At this point, we won't be adding any more longform," says Jack Clements, executive vice president and general manager of Mutual Radio. "But we have been clearing out 'less desirable' features in terms of station clearances — and therefore from a sales point of view — and have been replacing them with a stronger lineup."

Mutual is also a good example of a network drawing on "personality power." In addition to the Dick Clark National Music Survey, Lee Arnold's Country Road, and The Larry King Show, the network has hired Tommy Lasorda to host a baseball show, Pat Summerall to host a football feature, and gossip columnist Rona Barrett to host an entertainment feature.

"We're looking to bring in people who have recognizable names, and this is something new for us," Clements admits. "In the past, we looked to do things the most economical way possible, but we're now going out and paying for the marquee value and the expertise of stars in the business."

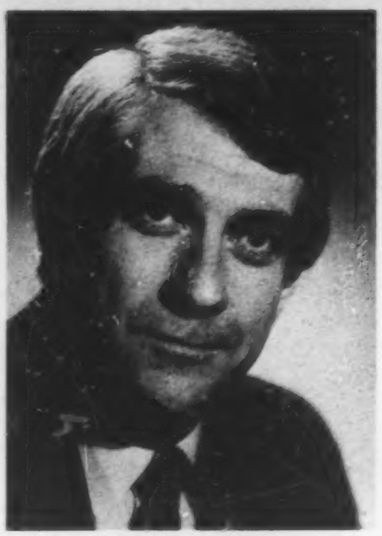
"We are not in the area of developing a bunch of new ideas at the moment," says ABC's McLaughlin. "We think that 1985 is a year to let the advertisers get a good feel, and the market to get a good feel, of what products are sustainable, strong and viable, and then we'll look to 1986 for new ideas and development." McLaughlin says that while ABC Radio has cut back on its longform programing (14 shows to five shows), it has not cut back on the total number of hours, choosing instead to stress the five strongest programs they have. Those "heavy hitters" include American Top 40 with Casey Kasem; American Country Countdown with Bob Kingsley; The King Biscuit Flower Hour; The Silver Eagle Cross-Country Music Show; and Supergroups.

In addition, McLaughlin cites the maturing of the newer ABC networks as adding to overall network strength.

"They are good, stand alone, economical, solid networks, with the exception of Talkradio [which has experienced cutbacks], which is still growing. It's too early to expect it to be where the others are," he says. "You always rob [from your other networks] to some degree, particularly at the beginning of a startup, but what you hope is that the marketplace will grow and will catch up with your expansion, and exceed your expansion, so your inventory is playing against a strong marketplace. We frankly were in that position in 1984 and will remain so in 1985."

"A lot of maturing of fledgling enterprises has occurred in the past year or so," agrees NBC's Penn. NBC's reach, he says, grew from 60 ADI's in the beginning of 1984 to 90 ADI's, with audiences still growing.

According to the RAB, the most popular radio demo remains 25-54. "The demo that people are looking for is getting older because the country per se is getting older," says Charlie Trubia, senior vice president and director of radio buying for Ted Bates. "There was a time when a lot of money went into teens; you don't put money into teens anymore. I think advertisers and marketers are sensitive to the general



"**The growth in radio networks can only serve marketers better in giving them more options in targeting potential clients.**

DICK PENN
senior vice president,
NBC Radio Networks"

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"RKO has done a good job of trying to get its act together and deal with agencies and clients that needed attention."

DICK BRESCIA
senior vice president,
CBS Radio Networks

aging of America. They're going after something that's changing, and I think that change itself is going to be reflected in the networks' offerings."

ABC's McLaughlin agrees, if not quite wholeheartedly. "We will never lose sight of the importance of the youth market in radio, but on the other hand, yes, we do have to address population shifts. You may see some station changes toward the 25- to 49-year-old population, and the networks will reflect that."

"We haven't changed so much as the composition of our lineup might have changed," adds CBS's Brescia. "Some station that may have been a harder rock station after 12- to 24-year-olds is now a little softer and is going after 18-34's."

Mutual's Clements is considerably more certain of the importance of the older demos.

"I firmly believe there will be a new demo aboard very soon, the 35-64 group," he claims. "Advertisers are going to have to take cognizance of the fact that people don't just die when they fall off the current demographic at 55. Some of them are beginning to realize it already. Think about where the money is, and it isn't 18-34, it's 55-plus," he points out.

"I think it's going to trend that way, but at this point it hasn't been noticeable," agrees Mutual vice president of sales, Neal Weed. "A number of major national advertisers are looking at the 35-64 demo, but they have not demonstrated that in their request for buys."

What's in store for radio in the coming year? RAB's senior vice president of communications, Daniel Flamberg, sees the biggest growth category being package goods, with companies like General Foods, Nestle, Richardson Vicks, and Procter & Gamble "all looking very seriously at national radio buying in a way that they haven't heretofore, mostly as a result of skyrocketing prices for network television and out of growing concern with 'zapping' of commercials by viewers." He sees such major advertisers seeking to focus on narrow target segments to expand the penetration of brands or introduce new ones. That targeting, he adds, will put radio in more intense competition with vehicles such as direct mail.

The RAB also notes — in both network and spot markets — that the length of commercial flights is decreasing to an average of two weeks in length. In addition, outside of the upfront market, the length of time between a commercial order and the time that the ads hit the air is "decreasing dramatically" to less than two weeks of turnaround. Flamberg also says that, even with the strong 1985 upfront market, there's still a healthy amount of inventory for sale this year.

"Network radio will continue to be an efficient national medium, although I see prices going up," says Liz Solomon, media planner at Cunningham & Walsh, who adds that price increases, following negotiation, are in the 5% range this year.

"I also see a potential problem in the way the networks are currently set up demographically, in that the entire industry is either set up to serve 12- to 34-year-olds or 35-plus . . . so you have to be very selective, even to the point of not looking at certain dayparts on certain networks," concludes Solomon. *Dave Potorti*

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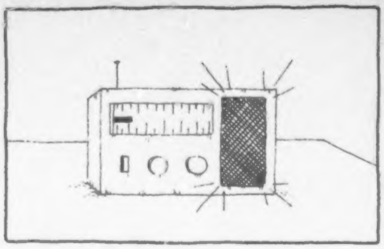

Campbell Soup, Taco Bell, Coors Brewery and Ciba Vision Care have one thing in common. All four companies, although quite different in their marketing needs, use radio to implement their strategies.

PROFILE — CAMPBELL SOUP

Campbell Soup never misses a weather report. While some people may look skeptically upon those attempting to predict weather, Campbell's takes it all very seriously. That's because so much of its radio media strategy depends on weather — foul weather in particular.

While radio may be only a secondary medium for Campbell's — taking only about 7% of the annual media budget — when it comes to moving its mainstay line of condensed soups, the medium plays an important tactical role.

From a strategic standpoint, Campbell's sees its spot and network radio schedules as cost-effective ways to complement television and magazine advertising. George D. Mahrlig, director of media services for Campbell's, explains that both spot and network radio have their own special role in marketing the "red and white" soup line, the only Campbell brand that uses radio consistently.

The bulk of the network budget, about $3.5 million in the current August-to-July fiscal year, goes for spots which urge listeners to use up soups already nestled on kitchen shelves. "We tend to run pre-lunch and predinner to encourage people to have a bowl of soup — now, today," emphasizes Mahrlig. "We don't do that with television or magazines."

The entire spot radio budget, about $750,000, is used to buy time in areas where winter storms make consumers most miserable. This tactic is not unique to Campbell's but it is one in which the company and its spot radio buyer, CRN Media in Hamden, Conn., have shown sophistication and commitment.

Mahrlig explains that the company picks 30 strategic markets, mostly in the northern tier of states, and negotiates time banks with stations in those markets. Spots are used whenever CRN Media contacts the stations. The decision on when to run the spots is made solely by CRN, based on information from its own 24-hour weather department.

"CRN, not the station, decides when to run because we want to be on all the key stations in the market together and we want to be on when

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we're certain there is a good chance of a storm," Mahrlig adds. Campbell buys several stations deep in each market, with the number of stations and spots based on reach and frequency goals. "We're trying to hit adults 25-54 with a 35 reach against each storm," he advises. "We try to do that with news and information stations, but we sometimes go outside that format based on market listening patterns.

A key factor in picking stations is the kind of weather service to which they subscribe. "A rip-and-read weather station versus somebody who subscribes to Accu-Weather — which is a very expensive service — shows a different commitment to the role weather reports will play at the station," Mahrlig says.

"We evaluate that along with format. For the most part, the all-news station is the one to which we anticipate tune-in during a storm," he notes.

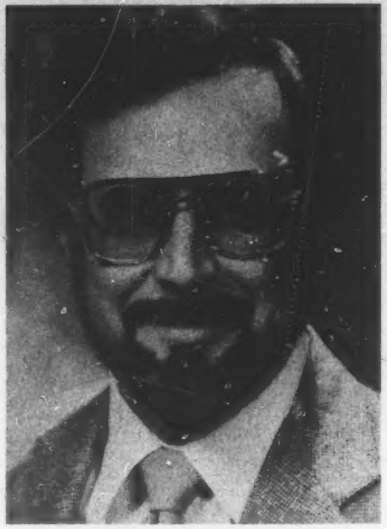
Campbell's did some Arbitron analyses that tended to support the theory that people shift more to all-news stations when there are storms. However, the sample bases were small because few storms ran in conjunction with Arbitron survey weeks.

Currently, Campbell's is using three commercials in its spot radio campaign, two of which are storm-related. The pre-storm spot carries the message, "go out and buy soup."

When the storm actually hits, the copy switches to a "use up" message.

Campbell and CRN Media work closely with the stations to see that the copy switch is made before the storm hits. "We want to get the 'use-up' copy on the air before they start saying 'there's a travel advisory in effect,' " Mahrlig says. A third spot in the campaign is keyed to cold snaps rather than to storms. The spots were created by Backer & Spielvogel, the agency for "red and white" soups.

The key to successful execution of the campaign is CRN Media, which calls its weather-related time buying service Mediarology. Barry Berman and Dick Kault own CRN Media and its parent company, the Connecticut Radio Network. CRN Media began doing weather-related spots to support the radio network's "Ski Watch" program, which includes Campbell's as a sponsor.



"We're trying to hit adults 25-54 with a 35 reach against each storm . . .

GEORGE D. MAHRLIG
director of media services,
Campbell Soup"

How does CRN make it work? "We negotiate with the stations within certain media criteria we set up with the client," Berman tells. "We need a profile of every weather event and we make sure the radio stations follow exact instructions, or they don't get paid," Berman says.

"The stations work with us," affirms Kault, "because we guarantee the commercials in most markets, which means that if there isn't enough storm activity, we will buy the time anyway." He adds that the Campbell's business also is attractive because most of it comes in the lean first quarter and because most of it goes to AM radio — about 75% of the 110 stations bought for Campbell's are AM.

Although the vagaries of winter weather would seem to make budgeting such a plan difficult, Campbell's Mahrlig doesn't worry about adjusting the budget for especially harsh weather.

"Frankly, we feel that if it is a bad winter, we are going to lose some of our impact as people get used to dealing with us," shrugs Mahrlig. "The fact that we run out early is not of great concern to us, at least not this year." That's a good thing, because the entire budget for many markets was used up by early February and other markets were approaching that point.

In secondary markets, where winters are even less predictable, some monies can be juggled because in those markets — such as Seattle, Tulsa, Raleigh or Greensboro — commercial loads are seldom guaranteed to stations. CRN Media tracks these markets closely and advises Campbell's where to reallocate money.

Campbell's moved the campaign into these borderline markets this winter and plans to experiment next winter in some southern markets. The company theorizes that although winter storms may be less severe in these areas, residents do not perceive them that way.

The large volume of "red and white" soups sold and the relatively small budget in weather-related radio spots make it extremely difficult to measure the effectiveness of the program. "We don't know if the program sold one can of soup," Mahrlig said, "but we have yet to find anyone who doesn't believe in it." Mahrlig cited feedback from both supermarkets and radio stations as evidence that the program works.

On network radio, the "red and white" soup campaign consists mostly of the pre-meal messages but also includes CRN's "Ski Watch" network, which provides localized reports for about 130 stations. "Our interest there is to tie in and be associated with cold weather activities," says Mahrlig.

Campbell's runs network spots on most of the radio networks that target its 25-54 demographic. Although it is not currently running on RKO I, Mahrlig says the company has run paid spots on that network despite a scandal that hit the RKO Radio Networks last year. "The RKO situation is not affecting our plans for network radio," he states.

On a company-wide basis, for all brands, Campbell Soup spent about $5 million in radio during calendar 1984. However, the radio budget fluctuates widely year-to-year, with "red and white" soups forming a base and other brands coming in and out.

"When a brand uses radio, it generally makes a significant commitment to the medium," Mahrlig says.

"Franco-American used it heavily in the fourth quarter after conducting a test in which radio was experimented with as a supplemental medium to a base of daytime and kid television network, and they found it successful," tells Mahrlig.

"The year before, Chunky Soups used network radio significantly, but changed its strategy to use more 10-second tv news briefs, consolidating their spending in television," he says.

"If V-8 juice, for example, should make a media shift back into radio, the radio budget would go back up. And anticipating that Franco-American will be coming back in, the budget might be higher than ever in 1985-86," Mahrlig approximates.

The decisions where to spend advertising money are made by the individual brands, with Mahrlig's Media Services unit administering the agency-of-record system and acting as a consultant to media planning groups which report directly to the brand people.

"Part of what Media Services tries to do is encourage brands to take an objective look at other media," Mahrlig says. "They are looking for more cost effectiveness — and not necessarily efficiency. And they look at radio a little more closely. It's interesting that the brands that have rejected radio start to talk and think about it and suddenly it becomes part of their plan," he finds.

Campbell's sees its spot and network radio schedules as cost-effective ways to complement tv and magazines.

Media Services is now encouraging Prego and Prego-Plus tomato sauces, which had a successful introduction in television, to examine radio and other media. "It is not unimportant to note that their major competitor, Ragu, has made a major commitment to radio," Mahrlig points out.

"We never know when this thinking is going to result in a brand becoming active in radio, but there is a good deal more involvement with thinking about the subject, so I can only assume at some point it's going to result in more brands using it," Mahrlig says. "We don't have a lot of controlled tests — radio-nonradio — but we have a lot of experience and a lot of empirical data which lead us to conclude that it can work effectively."

William H. Dunlap

PROFILE – CIBA VISION

When Ciba Vision Care advertising managers took a hard look at the tinted soft contact lens market this year, they set their sights on radio advertising to help position their new "Softcolors" brand in a rapidly growing and changing industry.

Last year, the company, which is a subsidiary of the pharmaceutical division of the $7 billion Swiss conglomerate, Ciba Geigy, introduced Softcolors in a $10 million print and television campaign. The focus was on demonstrating the highly visual product and educating the consumer about its uses. A four-color print campaign ran the whole year beginning in February in major fashion and trade magazines. Spot and network television commercials ran for three months beginning in March. It was the first and most extensive advertising campaign of any of the three competing companies marketing this latest variation on the 20-year-old contact lens.

Now, with mounting competition and high consumer demand, Ciba Vision, which is the second largest tinted soft contact lens manufacturer after Bausch & Lomb, is moving Softcolors from its introductory phase to a more aggressive advertising stance. The latest campaign, started in March and approximating last year's $10 million spend, again uses television and print. But this time radio was added to the mix. The Atlanta-based company is depending heavily on radio to establish the Softcolors image among 18- to 34-year-old, fashion-conscious women.

The radio advertising goal is simply stated by Joel Babbit, senior vice president and principal of Bowes/Hanlon, the Atlanta-based advertising agency that handles the Softcolors account: "Basically, with radio, we are trying to create an association between a particular type of woman interested in the product, and the product itself," he tells. "We are going to create a perception of Softcolors — that it is the tinted soft contact lens that most closely represents the needs of women who want to improve their looks, and therefore, the way they feel."

National radio advertising began March 11, 1985, on five youth-oriented networks: ABC Contemporary, ABC FM, ABC Rock, RADIORADIO and American Top Forty. This first flight is expected to run about five weeks, or sometime into the second quarter, according to Pat Semmelmayer, Ciba Vision group project director. Spot radio ads will be overlaid in 20 markets as well.

Television ads began March 25 for a seven-week flight, while print ads were launched this month in major women's fashion magazines that are "similar" to those in which the ads ran last year, Babbit said. Print ads are expected to run through December. The radio, print and television ads continue to use last year's theme: "For the eyes you wish you had been born with."

The decision to use radio in this year's Softcolors campaign was at least partly based on research conducted for Ciba Vision by Strategic Research Center, also located in Atlanta. After what Ciba Vision officials deemed a successful introductory campaign, tests were conducted in four markets, and various media mixes were tried.

Softcolors advertising managers hoped the research would reinforce their 1984 decision to target 18- to 34-year-old females; they also hoped to generate additional information on the media consumption habits of this target group, Semmelmayer says.

The findings? Softcolors was indeed targeted to the right audience. The research also showed that this audience listened to radio frequently, especially to rock and soft rock programing during morning and evening drive times. Ciba Vision research on the contact lens industry in general showed two-thirds of contact lens users to be women, and 59% of all wearers to be from households with incomes of more than $25,000.

Babbit described Softcolors' target audience as being the "same" women who have an "interest in Revlon cosmetics, Guess? Jeans, and Polo shirts." This profile, combined with additional market information that showed 15%-20% of tinted soft lenses sold to be "planos" — or lenses with little or no prescription — contributed to the decision to position Softcolors as fashion accessories or cosmetic enhancements.

Research also pointed to a surprisingly high awareness of the tinted soft lens product, which was first approved by the Food and Drug Administration in late 1983, and had not been advertised to the consumer before the 1984 Softcolors campaign. "No one last year knew what a tinted soft lens was," Babbit notes.

According to Semmelmayer, 75% of women 18 to 34 who wear vision correction were aware of tinted soft contact lenses; 25% of those were aware of the Softcolors brand. This high degree of product awareness was another major factor in the company's decision to try radio advertising this year.

"One reason we didn't use radio last year," Semmelmayer explains, "is because [Softcolors] is an extremely visual product. We wanted to wait until there was strong awareness, so when [the target audience] hears the ads, they can make the association with the print and television advertisements."

"The public is more aware of the [tinted soft lens] category now," adds Babbit. "We can use radio because we don't need to show [Softcolors] as much. We are still using tv and magazines to explain and demonstrate visually what the product does to a lady's eyes, but we're using radio from an image standpoint to differentiate the product from everyone else's," Babbit explains.

Competition for a share in this growing market is heating up and the stakes are getting higher. So far, two other eye care manufacturers are attempting to carve out their niche as well.

Custom Tint Labs (CTL) in Raleigh, N.C., was the first to receive FDA approval for its "CustomEyes" brand of soft tinted lenses in December 1983. (Ciba Vision received FDA approval for Softcolors in February 1984.) CTL has licensed its tinted soft lens manufacturing technology to the largest contact lens producer, Bausch & Lomb, which markets the tinted soft lenses under its "Natural Tint" brand name.

An estimated 60% of the U.S. population wears corrective eyewear, according to industry figures, representing some $6.9 billion in eyewear sales as of last year. About 80% of eyewear users continue to wear eyeglasses, while contact lens sales grow a "phenomenal" 15%-16% per year, ticks off Semmelmayer.

"The research showed this audience listened to radio, frequently, especially to rock and soft rock. . . .

PAT SEMMELMAYER
group project director,
Ciba Vision Care"

The contact lens industry as a whole is expected to gross $456 million in 1985; soft contact lenses account for about 70% of contact lens sales, according to Peggy Ross, marketing communications manager for Bausch & Lomb's professional products division.

Tinted soft lenses are expected to be an important part of the contact lens industry's growth. According to an article in *The Dispensing Optician*, a 1983 report predicted that "tinted soft lenses, along with extended eyewear [contact lenses], will lead to a doubling of the CL-wearing population" by 1986, making it a $600 million business. Some 16%-20% of soft contact lenses sold in 1985 will be tinted, estimates Semmelmayer.

In this environment, the competition is also mounting promotional strategies. Last year, CTL launched a print campaign during the fourth quarter in eight leading women's magazines. The black and white ads, which used color only on the model's eyes, ran for three months, according to Joe Murgo, CTL vice president of marketing and sales. CTL did not advertise during the first quarter of this year, and at presstime, the company was "evaluating plans" for the second quarter, Murgo said. In any event, plans for radio advertising of CustomEyes are "questionable at best," Murgo said, adding that serious discussions about the possibility have been "dropped." CTL has been involved in trade advertising.

Murgo said he would, however, be "very interested in monitoring" the results of the Softcolors radio campaign. Ciba Vision established "excellent penetration" as a result of last year's campaign, he notes, although he questions the validity of promoting a particular tinted soft lens brand to the consumer. "These are not off-the-shelf items," he said, "and must be purchased through a dispenser. If the doctor likes to fit Bausch & Lomb, that's what you'll get." Consumer ads, he says, have helped to push everybody's product.

Bausch & Lomb embarked on a reported $8 million to $10 million trade and consumer campaign during the first quarter of this year. Its Natural Tint brand has been promoted in a network television-only consumer campaign, titled "Hidden Eyes," that began an eight-week flight on February 4.

Ciba Vision officials are "testing the waters" with radio, Semmelmayer admits, but she predicts that any adjustments in the fall schedule would likely expand the use of radio, incorporate additional spots, or "massage" the current ads to make them more effective in delivering the image-oriented message. "We feel very confident in our research and feel radio is an excellent place to be," she declares.

Cecilia Capuzzi

PROFILE – COORS

Radio poses a unique set of problems for beer and wine marketers. Aside from the usual litany of woes that most advertisers cite about the heartaches of planning and buying radio — its creative limitations, its limited reach, and the complexity of the buy itself — beer and wine marketers have found themselves in the center of a hurricane over their broadcast commercials.

Thanks to the efforts of a new-prohibitionist movement underway nationwide, brewers and wine makers must be more circumspect than ever in planning their radio buys. Since last July, the Center for Science in the Public Interest, a Washington, D.C.-based consumer activist group, has been steadily lobbying for a ban of beer and wine advertising on radio and tv. While CSPI's Project SMART (Stop Marketing Alcohol on Radio and Television) has not attracted much Congressional support to date, it continues to seek signatures for its petition, gaining support from national church groups as well as the Parent Teachers Association. CSPI charges that beer and wine advertisers are marketing their products to young tv and radio audiences, thus encouraging alcohol abuse.

And that charge deeply disturbs brewers who are quick to point out that they have been closely adhering to self-imposed guidelines in marketing their products — with the problem of youthful audiences very much in mind.

With the legal drinking age ranging from 18-21 across the country, buying radio — which is an already fragmented, time consuming, complex buy — takes some extra logistics, notes Mark Reiss, director of media at Coors. Reiss is quick to emphasize, however, that Coors has always been cautious in its broadcast buys — not just since CSPI started applying the heat last summer. Coors, he asserts, has always steered clear of radio stations which skew teens, simply because teens are not Coors' target audience. The Golden, Colorado-based brewer is aiming for young male adults of legal drinking age.

Nor has Coors, or any other brewer for that matter, trimmed its radio expenditures. That's good news for radio broadcasters, who earlier this year had feared that pressure from SMART might cause brewers to cut back on their radio buys. Since radio is the most targetable medium, it would be the easiest place for advertisers to make cuts, went the theory.

"But that has not happened yet," acknowledges Gary Stevens, president of Doubleday Broadcasting. Stevens had earlier told attendees at Paine Webber's media outlook that there was trouble ahead for the radio industry — whether the proposed ban became reality or not.

"It's rather ironic, because what CSPI is really saying is that tv and radio are much more effective than print."

KENT VLAUTIN
group media director,
Foote, Cone & Belding

Coors uses — and needs — radio to further its marketing strategy and distribution set up. About 20% of Coor's total advertising budget is now allocated to spot radio. Network radio is not yet a factor for Coors because its brands are only in two-thirds of the country. The brewer is pushing for national distribution by rolling out its brands to eastern markets. Three major brands — Herman Joseph, a super-premium; Coors, a premium, and Coors Light; plus Killian's Red, an ale, make up the company's product line. There are no plans at this time to introduce a low alcohol brew as there does not appear to be much consumer demand for that kind of product.

Radio Expenditures Report pegs Coors 1984 spending in spot radio at $18.9 million. Coors expenditures in spot radio are pretty much in line with what the rest of the beer industry is spending. Anheuser-Busch leads the pack with $36 million in national spot last year; Miller comes in second with $20 million; and Stroh's trails with $13.5 in national spot radio spending.

Reiss acknowledges that Coors' spending in spot radio has increased "pretty heavily over the years." That's because radio, he says, delivers Coors target audience — especially via sports programing. Coors does little in the way of magazine advertising, mainly due to the regionality of its product, notes Reiss. One of the reasons that Coors has been doing more with radio is that the industry itself has changed markedly. There are now more adult formats like Contemporary Hit Radio, which skew a little older, as compared with Album Oriented Rock and its young, teenage male audiences. "We have clearly established placement guidelines for all media, and those are constantly being updated and modified," explains Reiss. Coors analyzes radio formats, time periods, audience density by age and sex, and looks at all these factors on a station by station basis. That case-by-case approach is critical as radio is a local medium, meaning there are no universal characteristics from station to station. "Since the drinking age is different in many states, and since certain dayparts skew heavily to the under-the-legal-age audience, you have to look very closely at each station," Reiss advises. Even within formats which are clearly bent toward a particular audience, variations in listener demographics exist station by station, he points out.

Coors' in-house media department, which is headed by Reiss, established

"Coors analyzes radio formats, time periods, audience density by age and sex . . . on a station by station basis."

guidelines for its flagship agency, Foote, Cone & Belding, Chicago. On the Coors business, FC&B buys directly from the station, bypassing the national sales rep. That's primarily due to Coors' relationship with distributors and the need to coordinate all the local co-op funds. But FC&B likes this setup: It finds that by going direct it gets a better buy, says Kent Vlautin, group media director, on the Coors business. The direct buy also facilitates local community merchandising events sponsored by the distributors.

Reiss points to some other subtleties of the radio buying process. While most radio stations price their avails on complete delivery, FC&B analyzes listening balance or density by daypart, and negotiates on that basis. "Those stations with under-aged, high density audiences are simply not efficient for us and we don't buy them," Reiss adds.

As complicated as the radio buying function for Coors may sound, FC&B's Vlautin maintains it's really no sweat. For starters, he tends to steer clear of AOR stations. "While they are in a sense our audience — young men — they attract a lot of teen listeners," he explains.

But sports programing is a natural for Coors because of its audience composition. According to a recent Arbitron analysis, sports programing, where most of the beer advertising is placed, skews to older rather than teenage demographics. For example, statistics for Monday night football on radio in two major markets showed only 1.1% of the audience were teenagers. Measurements indicated 98.9% of the listeners were 18-plus; 80.2%, 25-plus; and 47.6% were over the age of 50.

Vlautin says he hears very little from stations in the way of concern about the proposed ban on broadcast advertising. "They're not talking about it, I guess, because they don't want to give it any more credence than it already has." Although, he adds, "I suppose if I owned a bunch of stations which skew young, I'd be worried."

"All in all, it's rather ironic, because what CSPI is really saying is that tv and radio are much more effective media than print," Vlautin concludes.

Marianne Paskowski

PROFILE – TACO BELL

Taco Bell, the chain of fast food Mexican restaurants that has grown from being the butt of Johnny Carson one-liners to a near billion-dollar operation, is using a heavy media campaign, including a strong commitment to spot radio, in its ascent to the mainstream of the fast food industry.

Although it won't be long before the Pepsico division achieves sufficient penetration to buy national media, Taco Bell currently buys only spot television and radio. The chain's heaviest concentration remains in the Southwest, but it now has outlets in 47 states.

Taco Bell's sales rose about 20% in 1984 to $1 billion, thanks to new menu items, a new look for the restaurants, new graphics and new packaging, says Lawrence Higby, Taco Bell's outgoing senior vice president of marketing. Higby will soon be leaving the Pepsico fold to move on to the president's post at Home Health Care of America, Newport Beach, Calif. At presstime, his successor had not been named, but Higby shared his thoughts on his work for Taco Bell.

To get its message and new image across, Taco Bell buys television and radio in the majority of its markets. "We consider radio to be a complementary medium to television," Higby says. "We feel they work together."

Higby and Taco Bell's agency of record, Tracy-Locke/BBDO in Dallas, have given considerable thought to the mix of television and radio in each market and how to achieve the optimum balance.

"Radio provides us with an opportunity to build frequency against our target audience at a significantly reduced cost versus television," Higby believes. "It does an excellent job of getting at the younger audience — those 18-24 or 18-34. That's the demo it delivers best for us, although we buy broader demos than that. Radio provides us with a strong supplementary medium to particularly reach the lower half of the 18-34 group," he adds.

Another factor favoring radio is that Taco Bell has a heavier concentration of outlets in Southern California and the rest of the Southwest — mobile, car-oriented markets where radio listenership is high.

Tracy-Locke's Rod Underhill, senior vice president and Taco Bell account manager, likes the targetability of radio. "Sometimes our demos may change with the product, the particular dish, that is being advertised," Underhill explains. "If this is a dish that our research has shown skews female, or male, or younger, or older, radio is a great way for us to target that.

Research, for example, found that the taco salad, in which the bowl itself is the shell of a large taco, was especially popular with women. The current taco salad spot opens with a woman's voice saying, "I'm about to eat a new Taco Bell taco salad, bowl and all." After the jingle, the spot concludes with, "You'll like every bite of this new taco salad, even the bowl."

"A year ago, nachos," Higby recalls, "had a high teen skew and of course we bought a different kind of radio for that."

Underhill also points out that radio is particularly effective for the spontaneous nature of fast food. When you leave your office and you're driving home, you're wondering about what to eat that night," he says. "Almost everybody arrives at a fast food restaurant in an automobile, so radio can be used from a timing effectiveness point of view," Higby explains.

Another important factor is that radio helps Taco Bell reach the light television viewer, a traditionally tough audience to sell.

Higby knows that radio works for Taco Bell because the company has measured the effect of adding radio to an all-television campaign in several markets. He says that sales increased "significantly" with the addition of radio.

Underhill emphasizes though that it takes more than just shifting some of the television budget to radio in order to achieve increases. "It's too simple to say, 'Run tv and add radio and it will work better.' If you have 100 points of tv running, and that's all you've got, and then you try 75 points of tv and 25 points of radio, it may not work," he cautions. "The magic is in finding the levels and the balance that work for you."

Higby and Underhill believe that they have to have an established, continuing television schedule in a market before radio works the way they want it to. "The only exception," Underhill notes, "is when the budget won't support continuity in television. Then, you start with radio. The evolution in such a market would be to start with radio, move to television and, at some point, move to tv and radio."

In the Long Island suburbs east of New York City, for example, the cost of running a schedule on New York television to support the relatively low number of Taco Bells in the area is prohibitive. "We used a combination of radio there with *MTV*, the cable service," Higby says. "We don't generally buy cable," he advises, but "the cable split out on Long Island makes it a reasonable buy for us."

Taco Bell has increased its commitment to radio over the past 18 months, bringing it up to levels comparable to other major quick service restaurant businesses, tells Higby. "That increase is a function also of Taco Bell's stepped up overall media commitment over the last two years. Last year, for instance, the company spent about $30 million in spot television alone."

In 1984, according to Radio Expenditure Reports, Taco Bell spent $8.8 million in spot radio. That compares with Burger King's $12 million investment last year in spot radio and Jack-In-The-Box's $7.9 million. McDonald's, not a big user of spot radio, only spent $3.8 million for the year, according to RER.

Radio has not only grown at Taco Bell, it has evolved creatively. "In the beginning," Underhill recalls, "radio was primarily a lift of the same message on television, almost literally. We're now beginning to move away from that as too simplistic. We're creating more radio spots and trying to target them for more specific uses."

"If this is a dish that skews female or male . . . radio is a great way for us to target that."

ROD UNDERHILL
senior vice president,
Taco Bell account manager,
Tracy-Locke/BBDO

For example, the current spot for Mexican Pizza being tested in a number of markets is delivered in a heavy comic Italian accent: "I love America. I love your baseball and freeways and this new Mexican Pizza from Taco Bell. Pizza from Taco Bell! I say give me a break. But then I taste. It's different. Two crispy tortilla crusts with seasoned ground beef, lotsa Monterey Jack blend and real Cheddar cheese and their special pizza sauce. And they make it as fast as you can say 'molto bene.' Pizza from Taco Bell! Now I say, give me another."

Futhermore, Taco Bell will take a particular dish and build dinner business by running a spot during the going-home-from-work hours of 4:30 to 6:30 p.m. The current spot being used in afternoon drive features the take-out aspect of Taco Bell's new combination dinner platters.

Taco Bell looks for reach first when it buys radio and then for complementary frequency against television. "We look at it as a total communications package in each and every individual market," Higby explains.

Taco Bell buys several stations deep in every market with the actual number bought depending upon the individual market. "It's the reach consideration that determines how many stations deep we go," Underhill tells.

Rather than make co-op dollars available to the local management for local purchases, franchisees and company-owned stores contribute to a media fund that is disbursed by Tracy-Locke, with most buys going through rep firms. About half the stores are franchise operations.

In every market, the Taco Bell outlets form an advertising association which can elect to spend its portion of the advertising budget with any agency. The majority of associations use Tracy-Locke.

The next media step for an expanding chain like Taco Bell is obviously buying on a national basis, with network television probably the first move. "We have not even begun to explore the possibility of network in radio, but I think over the next 12 months we will look very seriously at network television as our development continues," Higby notes.

Parent company Pepsico, which also owns Pizza Hut, is determined to be a major force in fast foods. It reportedly has committed to at least a $20 million investment in the three-year period going through 1986.

Taco Bell's current media commitment is, according to Higby, the result of recent growth and success. "It's given us the kind of dollars that have allowed us to grow," he says. "We were, according to the Bernstein Report, number one in real growth for any major fast food chain in the United States in 1984. We consider that the appropriate use of radio was one of the real reasons that we achieved that number one position in growth last year.

"Taco Bell, I think, has matured a lot over the last couple years," Higby states. "All I can point to is our growth and I think that's the best indication of not only consumer satisfaction, but how people perceive us versus others in the mainstream American fast food business."

William H. Dunlap

How can you connect
with 41,600 big operators in
PHOENIX?

that these systems deserve careful testing. Indeed, many of the errors in the current system are troublesome, especially as they apply to cable, or unusually selective programing generally. So I don't rule out the people meter concept. Indeed, I welcome it — when fully tested. In addition to its possible benefits as an audience measurement system, it may be even more beneficial as a qualitative feedback device for program testing or other explorations.

Nevertheless, there are many questions to be answered. Are respondents able to regiment themselves in the manner required to provide a *continuous* flow of valid data? Will some people cooperate better than others? What about children's programs? What about other distortions — by season, length of show or program type? Will the "audience flow" patterns from one show to another make sense, etc.?

Let's hope that AGB's test (conducted in Boston) and recent efforts by Nielsen and Arbitron answer some of these questions. This is the time for patience, not hasty decisions made on hopes and technological wizardry. Let's get the facts, then decide. ■

MAGAZINES
By JOHN CAMILLERI
Media supervisor,
BBDO, New York

Overview of the science magazine category

The science category is a dynamic one as it was created in a relatively short time span from 1978-80. Prior to that, *Scientific American* was 'the science field. For this article's purpose, the category includes the general interest science magazines with circulations from 500,000 to 1 million and encompasses the following magazines:

- *Discover*
- *OMNI*
- *Science Digest*
- *Science 85*
- *Scientific American*

With the birth of four magazines in two years (all still publishing), the question to be asked would be: Is there a market large enough to support *five* science books? The answer is apparently yes — the five monthlies have over 10 million readers (SMRB) with voracious appetites for science and technological information. Ad page growth, however, has remained flat since 1981, predominantly due to the explosion of the computer magazine segment which drew hardware and software marketers away from the science books. Additionally, a relatively soft economy and cutbacks from some major advertisers may have contributed to the stagnation. Nevertheless, consumer electronics, tobacco, liquor, computer, direct response and corporate advertisers still comprise the bulk of the category's supporters. The chart on page 128 outlining similarities and differences among the field and the succeeding paragraphs will give you a topical view of the magazines.

Scientific American

Scientific American, the oldest and most technical magazine in the science genre, has been publishing since 1845, with its current format in existence since 1948. The magazine's editorial parameters revolve around a variety of topics such as research, medicine, archaeology, history, lasers, nuclear technology and other frontiers of scientific knowledge. An interesting fact is that 84 authors in *Scientific American* have received Nobel prizes; of that 84, 67 had articles published in *Scientific American* before receiving the Nobel. Eight stories per issue are published, along with bibliographies listed in the back of the book. Corporate ads (no tobacco accepted) are abundant as the composition of professional/managerial personnel is unparalleled in the field.

OMNI

Bob Guccione's *Omni*, now in its seventh year of publication, blends ed-

How can you
corral 78,000 local leaders in
DALLAS/FORT WORTH?

	Discover	Omni	Science Digest	Science 85	Scientific American
Rate base (M)	850	825	550	700	550 (Domestic)
CPM (circ) P4C	$18.71	$27.00	$31.58	$27.28	$44.18
Adult CPM P4C	$ 6.98	$ 7.96	$ 9.94	$12.38	$12.19
Male/Female	56/44	69/31	68/32	55/45	69/31
Median age	32	29	32	35	37
Median HHI	$31,496	$30,890	$26,372	$31,067	$37,168
Education College Graduate (Index)	164	186	200	261	295
Subscription/ single copy ratio	87/13	61/39	63/37	89/11	81/19
Ad/edit ratio	41/59	42/58	30/70	37/63	38/62
Ad pages	434	818	379	384	840
% Diff from 1983	−14	–	−11	−7	+12
Newsstand price	$ 2.50	$ 2.50	$ 2.00	$ 2.00	$ 2.50
Accepts tobacco ads	YES	YES	YES	NO	NO
Saddle stitch	YES	YES	YES	YES	YES

itorial with dramatic graphic displays. Five-color ads and editorial, 46+ lb. stock (100 lb. cover) and award winning illustrations are the components of this package. *Omni*'s focus is toward the future with several science fiction articles each month attempting to stimulate the imagination and creativity in each reader. *Omni* has the youngest skewing in the science arena with a median age of 29, and has the largest newsstand sales, approximately 325,000 per month.

Science 85

Science 85, published by the American Association for the Advancement of Science, celebrated its fifth anniversary with its November 1984 issue. The editorial product is serious, and while it is not as technical as *Scientific American*, it is also not usually read in a reception area. The articles and regular features attempt to link science and technology with their readers' interests in mind. On the lighter side, *Science 85* will sponsor a paper airplane flying contest, picking up *Scientific American*'s promotion from 1967. (The deadline for your entry is May 1.) Finally, although the usual ad categories (with a concentration of corporate and direct response) are present, *Science 85*'s 10x frequency and nonacceptance of tobacco advertising limit its ad pages (4th ranked in the field).

Discover

Time Inc.'s *Discover*, which premiered in October 1980, bills itself as the newsmagazine of science. The immediacy and relevancy of *Discover*, via its fast editorial close, allows it to cover topics that are still warm from national headlines. For a layman seeking science and technological explanations of current events, *Discover* covers this segment of the field quite well.

A recent reduction in rate base (935,000 to 850,000) and CPM (30%) has allowed *Discover* to become more price competitive within and outside the science category. A plausible explanation for this lies in the overestimation of RPC for simulated magazines. When *Discover* was initially simulated, their RPC was estimated at 4.0. However, inclusion in the 1982 SMRB revealed a 2.0 RPC. Overnight, *Discover*'s CPM doubled and consequently, ad pages fell 14% from 1983 to 1984.

Science Digest

Hearst's *Science Digest*, the latest magazine to enter the science family, carves its own niche in the field. As the title would imply, the articles are not as lengthy as the other science books, with regular "digest" columns reporting on current issues. *Science Digest* is attempting to (re)position itself as a men's service magazine, akin to *Esquire*, catering to high technology. In 1985, theme issues covering computers and software, automobiles, health and fitness, home electronics and high-tech companies will be published. *Science Digest* anticipates that this broader-based appeal will attract more ad categories (cameras, consumer electronics) as well as a larger audience. As the third most effective magazine in the category and with the new direction it is taking, *Science Digest* should attract more volume.

Given the projected population shift to a higher concentration of 25- to 44-year-olds, the science category could reap an increased harvest from this demographic group. As a technological society, with much of our environment in flux, it would seem quite natural for this magazine category to prosper. However, the rapid genesis of the field, like any other, has brought growing pains. The forecast for 1985 still holds increased investments in the editorial and physical products of the respective magazines. For 1986, however, the only definitive prediction lies in the arrival of Halley's Comet. ■

NEWSPAPERS
By DAVID C. LEHMKUHL
Senior vice president,
group media director,
N W Ayer/New York

The newspaper renaissance

Newspapers certainly have a lousy reputation among the media community. While most of us read a newspaper each day, we all dodge accounts that use this maligned medium. Newspaper-heavy accounts, therefore, have

York, the Booth newspaper group in Michigan and all the USSPI groups around the country have been such important entries. By breaking away from the traditional "big city" newspaper buy, the planner of newspapers can prepare creative media lists.

(c) *Editorial freedom*. Newspapers offer the kind of editorial package that only a range of special interest magazines can deliver. News, sports, theater, entertainment, home furnishings, good living and business are but a few of the editorial opportunities available daily, or at least weekly. This provides an advertiser with unbridled flexibility and can make for as broad or as narrow audience coverage as desired. This kind of creative freedom is difficult to find in any other medium.

A newspaper is a newspaper is a newspaper. All newspapers are not created equal. One need only look at *The New York Times* and the New York *Post* to dispel this media myth. The local community newspapers offer an ever-broadening diversity of editorial product. Just as the strong media planner will study and understand the magazine medium, so too must he or she study and understand the newspaper medium.

Newspapers are, indeed, a medium that have long been castigated by media professionals. Viewed as mundane and dry, newspapers have been the domain of the discouraged planner. But the medium is in such tremendous flux and offers such diverse media opportunities that it can no longer be relegated to this "back-of-the-bus" position. A newspaper-heavy account can be just what is needed to round out the perfect (or near perfect) media person. ■

How can you sell to 98,800 of the best people in
NEW ORLEANS?

RESEARCH

By LARRY KELLEY
Media research director,
Bozell & Jacobs, Dallas

Media costs add up to marketing opportunities

Marketers recognize that few products are consumed on an equal basis across markets. Local market differences are constantly reflected in category and/or brand consumption patterns.

Just as markets differ significantly in product consumption, so too do they differ markedly in local market media costs. Sometimes the cost of advertising has as much or more variance on a per capita as local brand or category consumption patterns.

To judge the impact of local market costs, we analyzed spot television costs on a per capita basis. An average cost of all dayparts was computed and totaled for all markets. Then each market was indexed to its respective population.

The difference in population between two markets is not necessarily reflective of the cost differential. This is readily apparent in the top two markets, New York and Los Angeles. New York is 52% larger than Los Angeles, yet a television rating point costs only 23% more in New York than Los Angeles.

Overall, markets below the top 100 tended to have higher per capita costs than those in the top 100. This is simply that there is a minimum price necessary to generate a profit regardless of a market's size.

Within the top 100 markets, 26 had television costs that were higher per capita. Of these 26 markets, 16 fell into the Sunbelt area. In fact, eight of the top 10 highest television cost-per-capita markets were in the Sunbelt (see Exhibit I). The opposite was almost true for the lowest cost-per-capita television markets (see Exhibit II).

This points to differences in demand for television time with the Sunbelt gaining from its economic vitality. Demand explains some of the variance. However, there exists a 116 point difference between the highest (San Diego-169) and lowest (Memphis-53) in the top 100 television markets. This

How can you introduce something revolutionary to 104,000 business people in
BOSTON?

is a larger spread than a lot of product categories' consumption patterns.

The marketing implications of such an analysis are evident. All things being equal, a marketer will spend advertising dollars to gain the most return in the most cost efficient way. If there is little difference between two markets in terms of brand development, potential and distribution, media costs could be used as a discriminator.

This may mean putting more dollars into Indianapolis versus Hartford-New Haven. These are two markets of similar size where an advertiser could get 40% more for the same television dollar in Indianapolis versus Hartford-New Haven. Given the range of television costs on a per-capita basis, advertisers should look at media costs in conjunction with brand and category development to maximize advertising dollars. The meshing of marketing and media data continues to be one of the better sources of leveraging a brand on a local market basis. ■

Exhibit I

Highest television cost-per-capita markets — top 100 markets

Market	Index*
1. San Diego	169
2. Houston	146
3. Austin	135
4. Dallas/Ft. Worth	133
5. Phoenix	133
6. Miami	129
7. San Francisco	127
8. Hartford-New Haven	126
9. Boston	124
10. San Antonio	122

Exhibit II

Lowest television cost-per-capita markets — top 100 markets

Market	Index*
1. Memphis	53
2. Flint, Saginaw, Bay City	54
3. Shreveport, Texarkana	58
4. Cleveland	64
5. Des Moines	66
6. Toledo	67
7. Louisville	68
8. Wilkes Barre-Scranton	68
9. Little Rock	69
10. Green Bay	69

*Average is 100 Source: Media Market Guide

How can you get in tight with 38,288 of the most influential in

SAN DIEGO?

RADIO
By DENNIS McGUIRE
Spot radio supervisor,
Cunningham & Walsh

Utilizing cume combo

A "closet buy" for the uninitiated is one made without the knowledge of the salespeople of viable stations. I stress viable because one is not about to contact (for example) the seventy-odd stations in and around the L.A. metro for an L.A buy.

However, courtesy demands that the larger measured stations in a market be notified. It's also a matter of pragmatism since you never know when you'll need a station's cooperation or a favor. So an open avail request goes out and appointments are made. This is the best and fairest way of working, particularly when dealing with a new client, demographic, market, or rating book. However, after familiarity has set in, these standard procedures seem time-consuming and wasteful. We all like to utilize our time efficiently and productively. And occasionally a schedule needs placing where the buyer knows precisely what he or she is going to do. Many salespeople are astute enough to "walk away" from business they know is elusive because of tight client guidelines or the very nature of the product itself. Even so, one could still be faced with a stack of 15 to 20 avails for the bigger markets, an amount that would daunt the enthusiasm of the most stalwart buyer. Therefore, it's necessary to devise good buying practices that make the most of one's time.

One Arbitron tool I find essential is

How can you round up 26,000 top doggies in

AUSTIN?

High times for marketers

The airlines are out of the double slump caused by deregulation and the recession. Passenger travel is up, revenues are up. And increased competitiveness means marketing is up, too.

Marketing is now an integral part of airline executives' vocabulary. Seven years after Washington pushed the industry toward deregulation, the airlines have begun to practice alternatives to self-destructive price wars. In the wake of bloody battles for "open sky" and filled planes, they have learned to meet market needs.

No carrier has emerged unscathed from these battles, however, nor any aspect of the business left untouched. The majors' rigid cost structure, a given in a regulated environment, has been under severe pressure from new, low-cost entrants. Too many airlines, overloaded with debt and suffering from tense relations with powerful unions, now find their existences threatened by unwieldy, two-tiered wage scales on the one hand, and the spectre of bankruptcy on the other. Schedules and fares have fluctuated wildly as the industry struggles to adapt. So rattled is the industry by free-market competition that some analysts mutter that there are two kinds of airline executives: the 30-year veterans who can't change, and the younger newcomers eager — perhaps too eager — to flex their business muscle.

Before the 1978 deregulation decision, the Civil Aeronautics Board told airlines where to fly. A carrier applied for a new route by estimating the cost of carrying a projected amount of passenger traffic, and set its prices accordingly. The resulting route system looked more like a criss-crossing railroad map than the integrated flight system deregulation seeks to create. And of course, there was no competition. Costs dictated all.

For years, the five or six major unions had been securing two and three

FIRST HALF, 1984, MEDIA EXPENDITURES (SIX MEDIA)

COMPANY	TOTAL	MAGS	S. MAGS	NET TV	SPOT TV	NET RADIO	OUTDOOR
American	$23,773.4	1,672.2	–	$12,371.1	$ 9,541.9	–	$188.2
Delta	11,067.9	156.6	–	3,985.4	6,229.5	–	696.4
Eastern	18,042.2	3,143.8	$56.4	3,628.1	10,231.7	–	982.2
Midway	258.1	–	–	–	257.8	–	.3
Muse Air	1,141.6	–	–	–	996.5	–	145.1
Northwest	1,329.5	1,177.7	50.1	–	21.9	–	79.8
Pan Am	3,381.0	1,507.6	25.6	–	783.5	$31.2	1,033.1
Republic	3,496.6	5.0	–	–	2,969.4	–	522.2
People Express	2,121.9	8.5	–	512.9	1,444.4	–	156.1
Continental	1,155.4	13.2	–	–	928.6	–	213.6
New York Air	353.7	4.2	–	–	306.2	–	43.3
TWA	11,318.8	2,612.9	299.8	–	8,168.3	–	237.8
United	15,564.1	399.7	–	8,982.4	5,799.5	–	382.5
USAir	1,387.6	737.3	–	–	407.5	–	242.8

Source: Leading National Advertisers

AIRLINES INDUSTRY SUMMARY DATA

(In Millions of Dollars)

Financial	1979	1980	1981	1982	1983	1984E	1985E
Passenger Rev.							
Majors	20,099.2	25,035.7	27,001.1	26,523.2	27,870.7	31,113.1	33,075.9
Nationals	1,289.1	1,635.2	2,106.4	2,348.4	2,826.7	3,387.1	3,634.1
New Entrants	1.9	25.2	180.2	352.0	593.7	1,202.3	1,444.6
	21,390.2	26,696.1	29,287.7	29,223.6	31,291.1	35,702.4	38,154.6
Total Revenue							
Majors	23,501.2	28,921.4	31,068.6	30,619.5	32,002.8	35,557.8	37,671.8
Nationals	1,444.3	1,820.5	2,335.8	2,565.0	3,065.5	3,661.7	3,924.5
New Entrants	1.9	25.3	182.9	362.0	611.2	1,239.5	1,492.4
	24,947.4	30,767.2	33,587.3	33,546.5	35,679.5	40,459.0	43,088.7
Operating Exp.							
Majors	23,258.1	29,264.6	31,534.9	31,171.3	31,951.8	33,859.0	36,989.4
Nationals	1,330.4	1,702.0	2,152.2	2,474,7	2,940.7	3,360.6	3,658.6
New Entrants	3.3	30.1	196.3	364.2	596.5	1,195.1	1,481.3
	24,591.8	30,996.7	33,883.4	34,010.2	35,489.0	38,414.7	42,129.2
Operating Inc.							
Majors	243.1	(343.2)	(466.3)	(551.8)	51.0	1,698.8	682.2
Nationals	113.9	118.5	183.6	90.3	124.8	301.1	266.0
New Entrants	(1.4)	(4.8)	(13.4)	(2.2)	14.7	44.4	11.1
	355.5	(229.5)	(296.1)	(463.7)	190.5	2,044.3	959.5

Source: L. F. Rothschild Unterberg Towbin

year contracts with hefty built-in premiums. By 1980, with the deregulated environment heating up, labor accounted for 40% of a major airline's costs. Several factors helped management convince the unions that survival meant compromise. President Reagan's response to the air traffic controllers during the 1981 PATCO strike ushered in an anti-labor mood that benefited the airlines. The upstarts, born of deregulation, helped set the tone by snapping up unemployed professionals at lower wages. By the time Continental Airlines, stalemated in labor talks, sought the protection of the bankruptcy court in 1983, the carrier had no trouble winning approval to cut labor costs in half to keep flying. Some majors, led by industry leader American Airlines, adopted a two-tiered labor structure, while partial employee ownership also helped erode the unions' stranglehold. Now, as the labor pool becomes younger and more flexible, the unions' power is deteriorating further.

Another problem, also now easing, was fuel, which in 1980 accounted for 33% of costs. Fuel prices skyrocketed during the 1970's, from about 11 cents a gallon in 1972, to a 1981 high of $1.10. The steady weakening of the OPEC cartel, and the falling fuel prices in the current glut, are a god-send to the industry: A penny a gallon translates to $10 million on a major carrier's bottom line. By 1985, the price has dropped to 81 cents, and some analysts believe it may reach 75 cents before the year is out.

These developments have substantially altered the industry's cost structure. Labor now accounts for 33%, and fuel, about 27%. The effect on profits is undeniable. In 1982, the industry's worst year in terms of earnings, the majors lost over $550 million, the combined effect of the recession and the after-shock of deregulation. Last year, their combined operating income hit about $1.7 billion, or 83% of the industry total. The price of this pyrrhic victory has been high, however. Since 1978, 120 airlines have closed or filed for bankruptcy protection. Braniff's bankruptcy in 1982 leaves 11 majors meeting the $1 billion revenue mark.

Marketing has been forced onto the "new" airline industry from a number of angles, but the most significant change is that they must now protect their flanks from new competitors. These upstarts are the marvel and bane of the airline industry. Each was started with two basic premises: that passenger traffic under regulation didn't accurately reflect demand in a given market, and that it was possible to stimulate discretionary travel with low fares. Low fares meant a higher load factor, or break-even point — more than 60% on carriers such as People Express or Midway, compared with low- to mid-50's for full-service airlines. To compensate, these fledglings invented a cost structure that turned the industry on its head, relying on low-wage labor, making frills out of such regular features as baggage checking, and buying used planes. This last has made a critical difference. Not even all the majors can afford the hefty $25 million price tag for a new plane. They usually opt for one of two types of lease arrangements, incurring debts that can be crippling.

After four years of ignoring the significance of these upstarts, the truth began to sink in. No matter which measure they chose — revenue passenger miles, or passenger share out of certain markets — the majors saw their business slashed by these irreverent newcomers. The industry responded by wielding its new, untried post-deregulation weapon: pricing. "It's the old bottom-and-seats theory," explains Robert Joedicke, an industry analyst with Shearson/American Express. "You lose money on the individual passenger, and hope to make up on increased volume." The fight, spurred by Pan Am's fare cut in 1983, quickly became no-contest as the newcomers met the challenge. Other carriers tried another, equally dangerous tactic, expanding indiscriminantly into new markets. By the time carrier Braniff was adding 16 new cities a day, some observers wondered whether deregulation was going to work after all.

All this bickering turned out to be terrific for passengers. Traffic has increased steadily by about 8% a year, to a record 340 million passengers in 1984. Real fares are lower now than six years ago.

Analysts believe this change in travel habits may help even out the industry's treacherous seasonality. Business tends to build in the spring, and peak dramatically in the summer months before falling off sharply after Labor Day.

Though the process has been slow, the industry has made great strides toward becoming marketing, instead of cost driven. This is no easy task, as Joedicke explains. "This is basically a commodity business — a seat is just a seat," he says. "And that fundamental aspect isn't going to change." Still, the industry has started exploiting such tools as service and scheduling more adroitly. Most important, the carriers have been innovative, creating brand loyalty with frequent-flyer programs. American Airlines' pioneering Advantage program, introduced in 1981, has been copied by virtually every airline. There are now about 10 million business travelers signed up to garner mileage points and win free travel, and the applications keep coming in. Three-quarters of business travelers are frequent flyers, and about 40% belong to more than three programs. With everyone in on the game, some airlines have been fine-tuning their offers. Smaller carriers tie-in with majors so they can reward their heaviest-use patrons with off-route trips to alluring vacation destinations, such as Hawaii, served by the larger carriers. Other tie-ins include extra miles with stays in certain hotels or car rentals.

These programs aren't cheap to set up: Costs range from $2 million to more than $12 million, depending on the intricacy of the system and how much of it is contracted outside the airline. The net effect has been to benefit the four largest carriers, American, United, Eastern, and Delta. The reason is simple: Most travelers opt for a vacation destination when they cash in their chips, and these four offer the broadest choice. "No one wants to go to Syracuse for the weekend," comments one airline executive. Though the notion of brand loyalty has caught on among travelers, the lure of leisure may be stronger. Smaller carriers may be losing as many members to the Big Four as the frequent flyer programs attract. At the same time, these incentives are so popular that no one can afford to drop out and risk losing business.

The popularity of frequent flyer programs hasn't gone unnoticed outside the industry. Airline executives may be tickled that travelers are willing to be

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There's only one national consumer magazine devoted 100% to travel. It's Travel-Holiday, and it delivers 2.1 million affluent, active readers at the lowest CPM of any travel publication. A must-buy for all travel-related advertising or any product geared towards this kind of upscale, information-seeking market. If you haven't been using Travel-Holiday as a vehicle for your advertising, you're probably missing the boat! For more information on the buy that works, contact Ruth Halpert, Adv. Mgr., Travel-Holiday, Travel Building, Floral Park, NY 11001. (516) 352-9700.

TRAVEL-HOLIDAY

TRAVEL-HOLIDAY
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re-routed to accumulate miles, but the Internal Revenue Service is not. Since corporations foot the bill for business travel, but the businessman gets to keep the gifts and free travel, the IRS believes frequent flyer programs should be treated as taxable perquisites. The IRS is worried that potential revenue is slipping through its fingers, and not a trifling sum, either. A recent estimate pegs the value of unnecessary travel accumulated by these free-mileage junkies at $9.5 billion, 10% of total corporate travel expenses.

Even if the IRS comes down hard, the industry will still have gotten more than it bargained for. Each carrier has been able to put together a huge database on its best customers — over two million strong for American, 1.5 million for Delta. This valuable marketing information has made direct marketing not only a possible, but an efficient alternative. Some carriers have seized on the direct marketing opportunities to send members a monthly statement of their accrued miles. "They actually read the mail we send them," crows AA senior vice president of marketing Thomas G. Plaskett. "It's a direct marketer's dream."

Such marketing efforts have not been limited to the much-courted business traveler. American Airlines, as always the leader, has set its sights on the leisure traveler. Frequent flyer data helped dismiss an old industry truism that the business traveler accounts for 65% of an airline's business. In fact, that proportion has always hovered around 50%, even dropping to 48% in 1984. This prompted American to lure discretionary business by offering 70% discounts on all its routes. At first, the deep cut, which took effect two months ago, stunned the industry, which saw the phantom of fare wars rising before its eyes. But the truth was soon apparent: American had restructured its entire fare schedule to eliminate a middle level of discounts, surrounding the new Ultimate Super Saver with so many restrictions that the net effect would be a boost in revenues. Competitors matched quickly but not, as Plaskett points out, completely. And Wall Street loved the move. Perhaps for the first time, marketing pointed to a strategic fare restructuring.

AmericanAirlines

American Airlines sponsors renovation of the Statue of Liberty.

One area likely to get increased attention is the industry's relations with travel agents. As of January 1, when the CAB ceased to exist, the nation's 27,000 travel agents became deregulated. On paper, the move opens the way for airlines to seek additional

Reach travelers the write way.

We hope you like to get mail. Because when you advertise in Travel-Holiday, be prepared to get response! Last year alone we received nearly one million reader responses asking for more information on our articles and advertising. That's almost half our total 2.1 million upscale, travel-enthusiastic audience! And according to the latest Nielsen survey, 36.5% actually took the trip. Is your advertising getting *that* kind of response? For 100% travel at the lowest CPM of any travel magazine, include Travel-Holiday on your media schedule.

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TRAVEL-HOLIDAY
1985 FINE DINING AWARDS

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channels of distribution. But travel agents, who write between two-thirds and 75% of an airline's tickets, wield a disproportionate amount of power. They can precipitate an airline's decline if word gets out that the carrier is having trouble paying its debts or breaking a labor stand-off. "When an airline gets into trouble," says Tim Pettee, an analyst with L. F. Rothschild, Unterberg & Towbin, of travel agents' speedy reactions, "it's like the world is coming to an end."

Most travel agents get a 10% commission on the tickets they write — more if they bill a bigger piece of business. If a carrier, seeking to cut costs, was to strike a deal with an outlet such as Ticketron for a 5% fee, the travel agent community would probably react by not booking flights on that airline. "Travel agents are antagonistic as a group," comments Michael Derchin, an industry analyst with First Boston. "No one airline will stick its neck out. It will take a long time."

For the past seven years, media expenditures have been a perfect barometer of the industry's mood. Measured media will top $400 million this year — not including local newspaper advertising, co-op moneys allotted to travel agents, and hefty trade expenditures to placate this wary group. This outlay is more than four times what the industry spent in 1978. Perhaps more significant than the absolute size of budgets is the shift that has occurred among favored media. The industry's first reaction to deregulation was to sweep into newspapers, seizing on the medium's fast-closing to post prices and schedules. In a single year, total national newspaper expenditures jumped almost 30%, and kept rising until they reached a peak of $154.9 million in 1982. "Almost all advertising was tactical," says one airline executive. "We were responding to this brush fire in city A, that one in city B." Since then, the industry has reverted to broadcasting, especially the large carriers who have flocked to network television. The reasoning is straightforward: The carriers are intent on creating distinct images, rather than just promoting fares.

The airlines covered in this report include the top 10 in revenues (1984 figures), and the leading new carriers.

Major carriers

A seat may still be just a seat, but an airline isn't just an airline. The carriers, already set apart from each other by such hard financial data as cost structure and debt, as well as by distinct attributes as labor relations and sheer size, are now also distinguished by their agility as marketers. Even airline executives admit to themselves that there are those who do and those who don't. A recent Saatchi & Saatchi Compton survey of airline executives turned up five marketers out of a pool of 43 airlines: American, United, Delta, USAir, and People Express.

United may be the nation's largest carrier, with 1984 revenues of $6.2 billion, but the airline has let close rival American take the leadership position in marketing. Instead, United relies on size. With a route system spanning about 3,000 markets, it offers the broadest range of destinations. This, in part, accounts for the success of United's frequent flyer program, which now has about one million members.

The frequent flyer program notwith-

The travel expert's travel expert.

Devoting our editorial 100% to travel makes Travel-Holiday a well-respected source of information in the industry. As such, we recognize the importance of another very influential travel authority, the travel agent. Recently, we conducted a survey among the 28,000 top agents who receive our magazine each month. We found out they read us. Share us (agent passalong is nearly 100,000!) and rely on us regularly in their business.

Considering that the average travel agent grosses over $2.3 million a year in billings, shouldn't your advertising be in the hands of these very key people? For more information on Travel-Holiday, the buy that works, contact Ruth Halpert, Adv. Mgr. Travel-Holiday, Travel Building, Floral Park, NY 11001. (516) 352-9700.

TRAVEL-HOLIDAY

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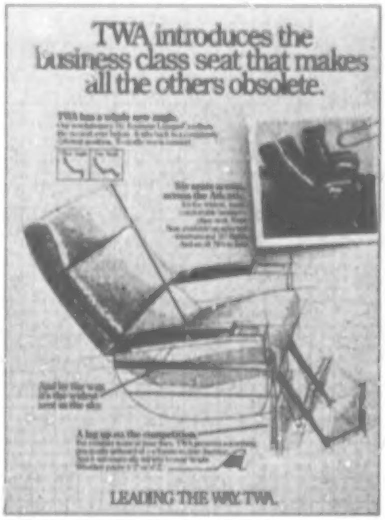
standing, United's marketing is targeted primarily to the mass audience. United has traditionally been the industry's heaviest investor in television, spending almost all of last year's estimated $40 million budget in that medium. "The message has changed since deregulation," notes vice president of advertising, Jack Ruhack. "We're trying to keep top-of-mind awareness now." Though United has been shy to set the pace, the airline is loath to let American get away with a good idea. As soon as American introduced its deep discounts, bound by restrictions, United matched in all but the 300 markets where it competes with lower-cost Continental and People Express. "We've taken out the middle-fare structure," comments Ruhack.

American, whose 2,400 markets pulled in revenues of $5.4 billion last year, has emerged as the industry pacesetter. American first earned that reputation by singling out the business traveler with its innovative Advantage frequent flyer program in 1981. Since then, Advantage's membership has swelled to more than two million. "We've averaged more than 1,500 applications a day," crows Tom Plaskett, senior vice president of marketing. American uses its new database for everything from promotions through direct mail to countering a competitor's pricing announcement, regardless of its media mix, with a speedy, efficient mailing of its own.

This year, American is holding its advertising budget steady at about $50 million, but boosting spending in direct mail. Like United, American is a heavy television user, spending as much as 90% there. Though most of the messages are image-oriented, American has recently started using broadcast to publicize its trend-setting Ultimate Super Saver. This new deep discount — 70% off, system-wide — carried just enough restrictions to lure the discretionary traveler without pulling in business travelers. Plaskett believes the move, at once a tactical shift in target audience and a revenue-generator, will both expand the market and improve profits all around. "We've planned for the change to be a permanent one," he says, "but nothing is certain in this marketplace."


TWA introduces the business class seat that makes all the others obsolete.
LEADING THE WAY. TWA.

TWA is proud of the "leadership" campaign.

Third-ranked **Delta** (1984 revenues, $4.6 billion) is the industry's anomaly: an airline with no labor problems. With the exception of the pilots, Delta uses non-union labor. Company executives say this long-standing arrangement

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promotes *esprit de corps* and analysts agree. Al Kolakowski, manager of marketing services and a 21-year veteran, says this family atmosphere has helped keep the airline going in tough times. "Instead of laying people off," he explains, "we'll temporarily assign them to different departments — flight attendants will help out behind the reservations desk." Marketing strategy focuses on making the public aware of the Delta family.

Delta carries 32 million passengers a year on its extensive route system through primary hubs in Dallas and Atlanta. Not surprisingly, the carrier is a heavy user of television — about 80% of its estimated $27 million budget last year went for television. Kolakowski points out that the media mix has undergone a substantial change. Until recently, 40% of the budget went into print. "This year is our first wholesale venture into national tv with an image campaign," he says. The carrier is targeting the much-desired business traveler as well as the vacationer, who represents 40% of Delta's passengers. Carriers, he comments, are plagued by the age-old problem: "The corporate client base is fairly constant, but, with that traveler alone, you've still got a fair number of empty seats."

In the last few months, the words "troubled airline" have come to mean only one thing: **Eastern,** the last of the "Big Four." The airline's $2.5 billion debt and chronic antagonism between management and labor has led some to speculate that Eastern might not survive the next economic downturn. Others, including First Boston's industry analyst, Michael Derchin, believe the airline is hardier than that. "It takes a long time to kill an airline," he says. Eastern recently secured a two-year contract from its unions with concessions expected to save the carrier $250 million this year — but not before Eastern defaulted on debt payments and threatened bankruptcy.

Eastern is now in the midst of restructuring its routes, pulling out of heavily competitive markets such as Houston, where the carrier once had over 40 departures a day and now has about 25. At the same time, the carrier has just signed a promising contract with Continental Freightways. The freighter bought the cargo space in seven Eastern planes, which will fly several trans-continental routes. Seats on the flights will be sold at a heavy discount. The contract is expected to net Eastern about $30 million. "Passenger revenue," comments one analyst, "is just gravy on top of that."

Eastern's marketing, says vice president of advertising, Paul Augur, has two distinct elements. The campaign for the Shuttle, a Boston-New York-Washington link, is targeted solely at business, which represents as much as 90% of the travel during the week. "The Shuttle could be a separate airline, the way it's run," he notes, pointing out that there are no reservations, and that seats are guaranteed. He adds that the airline's frequent flyer program works best on this leg. On the rest of its route system, Eastern competes most heavily with Delta. Eastern's marketing is aimed at securing the East Coast — "our fortress area," as Augur calls it. The carrier has increased spending dramatically, to a total of $40

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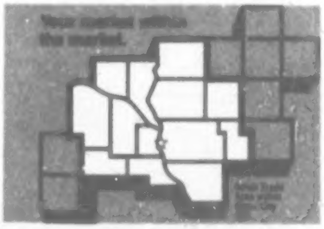

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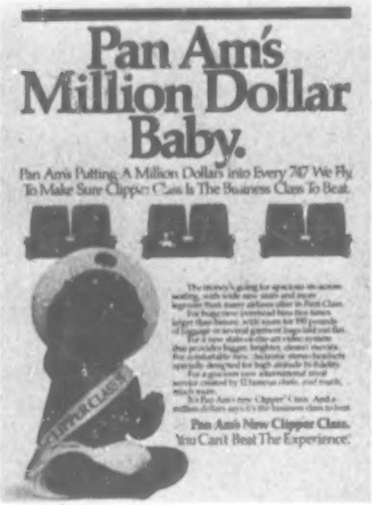
million in 1984.

About 80% of **TWA**'s $3.7 billion in revenues last year came from domestic routes, many of which feed into the airline's extensive world-wide system. TWA has never been known as an aggressive marketer — in fact, respondents to the Saatchi & Saatchi survey (see introduction) named the carrier as one of the most disappointing. Part of the reason is that TWA doesn't always think out the consequences of its marketing programs. Take a recent example: At the end of 1984, TWA announced a joint promotion with Polaroid, offering a 25% discount off-season with the purchase of certain cameras. Because the promotion wasn't limited by the usual caveat "one per customer," a huge secondary market sprang up and coupon brokers had a field day. Vice president of marketing programs Erv Kauffman insists that the promotion has successfully attracted a "new clientele," the leisure traveler. But others point out that corporations were among the first to line up and buy coupons from the brokers.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You Can't Beat The Experience.

Pan Am targets the business traveler.

More recently, TWA announced an agreement with CompuServe, the online service, to provide its PARS reservation system to CompuServe's base of 185,000 PC owners. The airline insists it won't circumvent travel agents. In fact, about 80% of the current PARS users take their business to a travel agent once they've determined schedules and fares. Kauffman is pleased with TWA's new "leadership" campaign, which broke on television two months ago. About half the estimated 1984 budget of $30 million went into that medium, below industry averages. "Since deregulation," explains Kauffman, "we've gone into quicker media, such as newspapers and radio." Direct mail in support of TWA's frequent flyer program, over 1.5 million members strong, is getting 10% of the budget this year, up from 7% in 1984.

Pan Am, with a loss of $220.2 million on revenues of $3.7 billion last year, is still struggling to recover from the 1981 acquisition of National. The acquisition, cited as among the 10 worst mergers ever, was supposed to give Pan Am a domestic feeder system for its international flights. Instead, the new owner slashed National's most profitable southwestern routes. The two managements, say analysts, never fit. Ever since, Pan Am has been trying to simplify its fleet, one reason company executives call 1984 a transitional

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year. The airline started the year having to swallow a bitter pill: the first strike in 20 years. Service was cut as much as 60% while the airline struggled with labor relations. Marketing, therefore, hasn't been top-of-mind at Pan Am. Last year, the airline spent about $10 million, much of that in business publications. Since Pan Am is "90% an international airline," says a company spokesman, the sole target is the business traveler.

Northwest Airlines, based in Minneapolis, is the leading U.S. carrier to the Pacific, according to Thomas Koors, executive vice president of marketing. About half the carrier's $2.5 billion revenue in 1984 came from international travel. "We've had a lot of success expanding over the two major oceans," he says. Koors adds that the airline "targets all audiences," but most of the $4 million spent in media last year ended up in *The Wall Street Journal* and business publications. Northwest also uses travel-related and Sunday magazines. Now that the airline has established its international routes, the emphasis is switching to domestic expansion. The first step is increasing frequency on existing routes.

TOP 10 AIRPORTS (1983)

Chicago	42.8 million
Atlanta	37.9 million
Los Angeles	33.4 million
NY-JFK	27.9 million
Dallas/Ft. Worth	26.7 million
Denver	25.2 million
S. F.	23.1 million
Miami	19.3 million
NY-LaGuardia	18.8 million
Boston	17.8 million

Source: Air Transport Assoc.

USAir, with 1984 revenues of $1.6 billion, is cited as one of the industry's most astute marketers. The reputation stems from the carrier's stronghold in Pittsburgh, where it has almost 80% of passenger traffic. That means, explains Tim Pettee, C. F. Rothschild's industry analyst, that the carrier can charge what it wants along the short-hauls in the Northeast that emanate from the hub. Another reason for USAir's accolade: The airline was the last to initiate a frequent flyer program because it already had strong brand loyalty. Their frequent flyer approach is low-key. There are no tie-ins with other airlines or with car rental companies. Media mix, meanwhile, continues to center on the business traveler, with about 60% of a $3 million budget earmarked for business magazines.

Republic is completing a turnaround that has taken four years. So far, the ninth largest airline has succeeded in trimming costs by securing an extension on a 15% pay cut. The once-messy route structure is now neatly orchestrated from three hubs: Memphis and Detroit, where Republic leads in passenger traffic, and Minneapolis. Restructuring, says A.V. "Sky" Magary, senior vice president of marketing, has boosted the proportion of business traffic to about 55%. So has the frequent flyer program, with tie-ins with Pan Am, National Rent-a-Car and Hertz. Much of the $7 million budget last year went to spot television, but, says Magary, Republic tends to use radio and newspapers more. "We used television as a backdrop for topical promotions," he says.

Continental, which has spent the past 17 months flying under the protection of the bankruptcy court, plans to start paying back creditors by the end of this year. The airline, which posted revenues of $1.2 billion in 1984, was the first of the majors to threaten its unions with bankruptcy to break labor costs. As aggressive as Continental has been internally, the carrier is determined to remain competitive. "They've gone on record stating they will maintain their posture as the low-cost airline," says a competitor of Continental's firm grip on its Houston hub. Success has made company executives cocky: As soon as United matched American's Ultra Super Saver fares, Continental launched a campaign promising to put the two larger carriers out of business. "We wanted to get the attention of decision makers," explains Tom Volz, vice president of marketing for the carrier. "We wanted American and United to adjust their fares to Conti-

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	Rate Base (000)	CPM	Small And Mid-Size Businesses* (000)	CPM
Nation's Business	850	$18.80	620	$25.77
Inc.	600	36.58	449	48.91
Venture	300	37.77	229	49.56

*Subscribers in companies of up to $25MM annual sales.

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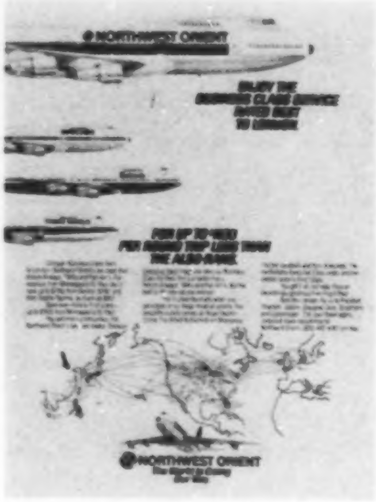
Nobody reaches the nation's business like Nation's Business.

nental levels in Continental markets, and we've accomplished that."

Volz says the business traveler, who represents under 50% of Continental's business, is "our bread and butter." All the same, he adds quickly, the low-cost image attracts vacationers. "Our core market is a male between 29 and 42, with $40,000+ income — your typical advertising agency demographic. But if you put all your money against only 35% of your market, you're missing a lot," he says. Volz points to Continental's research, which indicates that women are still the primary decision makers for pleasure travel. "We don't necessarily reach them on the sports page," he jokes. As a result, Continental's media usage has undergone a radical change. The airline now puts its estimated $6 million budget into suburban newspapers and a mix of business and women's books.



Northwest Orient is building its Atlantic business.

New entrants

Deregulation brought a flurry of upstart airlines in competition with the majors, armed with lower fares and, occasionally, a different route structure. Seven years later, observers say the market is just as closed to more entrants as it was before deregulation. One reason is the track record of these fledglings. Of the dozens of new airlines, even the leader, **People Express,** is having growing pains. L.F. Rothschild analyst Tim Pettee ticks off the reasons: Desirable gates are inaccessible, popular routes are too competitive, and financing is impossible.

Some of the early winners may already be in a tailspin. **Midway,** for example, the first new airline out of deregulation, set its stakes on the New York-Chicago route via Chicago's second airport, Midway. Touting low fares and a shuttle service, Metrolink, the airline has yet to turn a profit. A recent management shuffle followed the resignation of chairman Arthur Bass, who pioneered the business-oriented Metrolink, and of president Neal Meehan. Some observers wonder how much longer Midway can continue after posting $22 million in losses on revenues of $149.1 million.

Newark-based People Express, now the largest carrier out of the New York area, may be too ambitious for its own good. "It's become growth for growth's sake," says Robert Joedicke, Shearson's industry analyst. "They're getting away from the basic principle of low fares — egos are a great thing in this industry." Other analysts speculate that People Express, which lost money on its 1984 revenues of $587 million, may be contemplating a second hub on the West Coast. Part of the reason People Express has been expanding so fast stems from the management style instilled by founder and chairman Donald Burr. Under the theory that employees are more committed to the company if they share its fate, every employee must buy shares. Morale is boosted by continuous seminars and by a job-rotation program unique in the industry. Employees rotate from one job to another — this week, reservations, next, baggage handling. "That's not an airline, it's a socialist regime," quips one analyst. So far, brotherhood has worked out, except at the upper management levels. Since the departure of two of PE's cofounders, Burr has said he plans to "pull back and consolidate."

Meanwhile, the carrier just raised fares on all but one route (Baltimore-West Palm Beach) to offset the costs of its rapid expansion — 12 new markets and 1,800 new employees over the past two years. Yet the carrier spends $10 million+, maintaining its posture as the low cost airline.

Laura Konrad Jereski

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	Rate Base (000)	CPM	Top Management (000)	CPM
Nation's Business	**850**	**$18.80**	**559**	**$28.57**
Inc.	600	36.58	444	49.44
Venture	300	37.77	202	56.12

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FINANCIAL CABLE NETS:

Continued from page 65.

viewership among the Executive Caravan sampling, as compared to the average 14% weekly viewership of *Today Show, CBS Morning News*, and *Good Morning America*. However, among execs with ESPN, that viewing jumps to 9%; *Today Show*, 16%; and *CBS Morning News* and *Good Morning America* each average 13%. Among execs receiving ESPN who are aware of *Business Times*, that figure climbs to 19% viewership, as compared with *Today Show* at 15% and both *Good Morning America* and *CBS Morning News* averaging 18% each. A similar pattern emerges in the Mid-Exec Caravan, but most notably among execs who are aware of *Business Times*. Some 23% are regular viewers, compared with a *Today Show* viewership of 12.5% and *CBS Morning News* and *Good Morning America* about 16% each.

Nielsen's March 1984 figures support *Business Times*' skew toward an upscale audience. Among ESPN households, *Business Times* scored a 3% total cume for adults 25 years old+; a 7.9% cume for men 25+ with household incomes of $50,000; and a 10% total cume for men 35-64 with a household income of $50,000+.

In its first year of operation, *Business Times* claimed 39 advertisers including Paine Webber, Mercedes and American Express. That figure is up to 80 this year. Ogilvy & Mather's senior vice president and associate media director Wilma Epstein is "extremely impressed with the production values and editorial work" on *Business Times*. For client AT&T Information Services, that environment is compatible with the company's targeting of business-to-business advertisers. "*Business Times* is tailor-made to reach senior management which are hard to find in the mass media," says Epstein, who is working out a parallel merchandising campaign for AT&T on the cable network.

Financial News Network shifted its emphasis to cable in 1983, having failed to expand as a UHF station. The previous year, the network was ravaged by a struggle for control which pitted its directors against its chairman and founder Glen Taylor. And, to compound the picture, FNN that year lost $4 million on $740,000 in revenues. A $5 million offering of stock and warrants later in 1982 set the network on a more even keel, but ensuing hassles, prompted by failed attempts to muster affiliate support, forced FNN to switch satellites three times. Finally, last October, losses of $500,000 a month forced a virtual shutdown of the news bureau in Santa Monica.

The network, which quadrupled its subscriber base within one year, now claims 1,100 affiliates and reports the largest per-system sub average of any basic cable network. Citing "realignment" of personnel, .3 and .5 Nielsen ratings, and renewed interest within the investment community in its stock, FNN senior vice president Elio Betty says the network is in an "excellent position." He claims, "With the impact of increased sales and redistribution of staff, we expect to break even by our fourth quarter [June/July]." He also adds that in the network's second fiscal quarter (December-February), ad sales increased 38% over last year, with 60%-70% of its inventory consistently sold-out.

FNN offers nearly 18 million subscribers 13 hours a day of business programing which include *Business Today*, featuring a.m. business news, special reports, and interviews; *Marketwatch*, which tracks the progress of national and worldwide markets during trading hours; *Moneytalk*, a personal investment show; and *Wall Street Final*, a summary of the day's business plus in-depth focus on key trading activity.

Media analysts have questioned the rationale behind FNN's programing during the 10 a.m.-4 p.m. weekday, despite Nielsen reports that the network has an uninterrupted skew toward AB counties with upscale demos during those hours. Kenyon & Eckhart's Bernstein questions the attention level of these viewers. "I have serious doubts as to who FNN is reaching and what the viewing environment is during those non-prime hours," says

LOOK HARD.

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Bernstein. "Yes, the Rolex watch may be appealing to that businessman, but he's eating lunch or reading the paper and not giving concentrated time. An advertiser with a limited budget would get more mileage and diversity of viewership with spots on let's say a CNN at primetime which also targets the business investor when he can devote greater attention."

FNN advertisers like BMW and Dean Witter are opting for scatter buys or exclusive sponsorship of the three- to five-minute segments entitling sole sponsors to a minimum of one :30 unit per report; opening (and often closing) billboards; and, for *Ag Weather*, *On the Line*, *The Office*, and *Business Week Outlook*, on-air promotion with sponsor identification and product exclusivity. Frank Dinino, senior vice president of Independent Media Service, an Atlanta-based media planning and buying group, developed special programs related to client Hayes Computers' high tech product. *Computer Corner* kicked off in late January with a five-minute, 39-week schedule featuring personal computer use. Hayes also sponsors *The Office*, which discusses emerging office technology, and bought partial sponsorship of *Business Week Editors*, which affords the company a billboard. Advertising on FNN is part of a three-pronged campaign which includes business magazines to increase awareness in the business community; network primetime schedules; and cable to target computer enthusiasts.

FNN, which garnered $4 million in ad revenues in 1983 and $6.5 million last year, is expected to hit the $11 million mark by year-end.

USA Network commands some of the highest :30 rates for its *Wall Street Journal* series, the bread and butter of its economic reporting. In primetime, the *Report* costs $2,450-$2,600 for a :30. Weekend daytime on the *Memo* goes for $1,750-$3,000 a :30. Toyota, in its second year of sponsoring the *Wall Street Report*, justifies that premium cost in light of the network's targeting a "receptive" audience. "Toyota's rationale was that those who didn't zap the *Wall Street Journal Report* were likely to be upscale and receptive to a top-of-the-line product," says Dancer Fitzgerald Sample senior vice president, Beverly O'Malley.

"Hopefully Toyota's message would have a greater impact in that environment," she adds, noting that financial programing is particularly applicable to upscale clients (high-ticket category) who can bear the premium pricing for targeting high-end skew. O'Malley acknowledges that the agency "long resisted" the pricing set forth by the financial cable program, but adds that "the numbers indicating viewer demos and the first-rate quality of the financial programs have created a blitz of interest," especially among insurance companies, computer hardware and software manufacturers, and financial services clients. While Toyota has product exclusivity during the 7:58 p.m. slot, Lincoln-Mercury is guaranteed three out of five spots in the prime *WSJ Report* on weekdays. On weekends, Ramada Inns and Kodak buy scatter on the *Memo*.

BROADCAST NETWORK NEWS PROGRAM CPMs

Network	Program	CPM 4th quarter*	CPM 1st quarter '85**
ABC	Nightline	$6.33	$5.28
ABC	This Week w/David Brinkley	4.81	
ABC	Evening News	5.89	3.75
NBC	Evening News	5.70	4.40
CBS	Evening News	5.00	4.20

*Source; Nielsen's "Cost Per Thousand," October-December 84.
**Source: Paul Kagan Associates*

USA Network's a.m. *Biznet*, the only live news program from Washington, D.C., provides one hour coverage of business news. Although its time slot (weekdays, 6 a.m.-7 a.m.) precludes Nielsen viewership data, USA's research analyst Sue Rynn claims they are picking up the "much neglected" female audience for business programing. Elsewhere on the schedule, *The Pocketbook News*, offering consumer tips and financial advice each weekday afternoon, has an audience composite 42% women between 18 and 49, and 29% men in that same age group. *Late News Report*, a primetime wrap up of the day's financial news, attracts an audience 25% of which are women 18-49, and 43% of which are men 18-49, while the *Weekend Report* includes 35% 18-49 women and 30% 18-49 men.

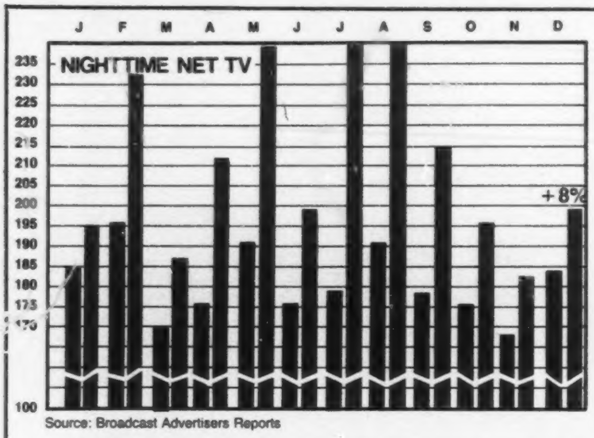
The newest entrant into the financial arena, from Hearst/ABC-Viacom's Lifetime, is *Smart Money*, an interactive, primetime series on personal money management. Also on the horizon, International Business Network intends to telecast worldwide business and financial news along with informative features targeted to execs, entrepreneurs and the investing public, says IBN innovator Dan Sobel. IBN is lining up UPI, Reuters and various financial sources, says Sobel, and plans to offer advertisers sponsorship identification together with a "no clutter environment for their commercials, hence a more potent setting conducive to greater recall of the commercial message."

Overall, Ron Kaatz, U.S. director of media concepts for J. Walter Thompson, equates cable's financial fare with fine business publications in justifying the former's "relatively high CPM's." He acknowledges, however, that the cable nets have a challenge inherent in this comparison. They must educate advertisers conditioned to print-only avenues about the creative options offered by cable. Kaatz notes: "The surface of financial programing and advertising opportunities on cable has not even been scratched. The creative opportunities — for instance, a company's taking out a two-minute message when its financial report is released, a sort of 'company report video,' — could give the participants visibility in a manner which cable alone can afford."

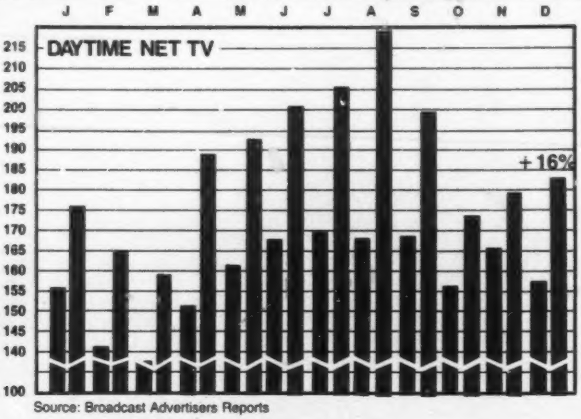
With agencies contemplating projects like these, the financial cable packages have good reason for their current optimism. *Judith Reitman*

MEDIA COST INDEX

Black bars index for 1983; color bars 1984; base year 1977



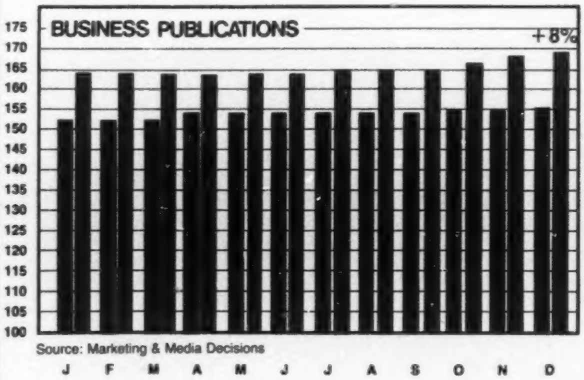
Source: Broadcast Advertisers Reports



Source: Broadcast Advertisers Reports

SPOT TV PRIME

SPOT TV DAYTIME



Source: Marketing & Media Decisions

The increase in **spot radio** rates in the fourth quarter, according to data supplied by Radio Expenditure Reports, was +14% over the same quarter in 1983. This was the smallest increase for any quarter in 1984.

Network radio, on the other hand, showed greater increases in the fourth quarter than in earlier quarters. Broadcast Advertisers Reports' data show a +8% increase for December, the best month of the year.

Daytime network tv, which had been showing lesser month-over-month increases since August, turned upward in December. The BAR data show a +16% change. **Nighttime network tv** continued its month-by-month decline with an 8% increase over December 1983.

Print media have been holding rather steady in the closing months of the year, showing only slight changes over the year-ago months.

The Institute of Outdoor Advertising again reported +6% for the average cost per **outdoor** panel in the top 50 markets. **Consumer magazines,** according to a Magazine Publishers Assn. sample, held at +7%. The **national Sunday magazines** held at +9%.

Business publications, based on a *Decisions'* sample, were up one point to 8%; **newspapers,** based on data supplied by the Newspaper Advertising Bureau, were up 7%, after running at the 9% level for several months.

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

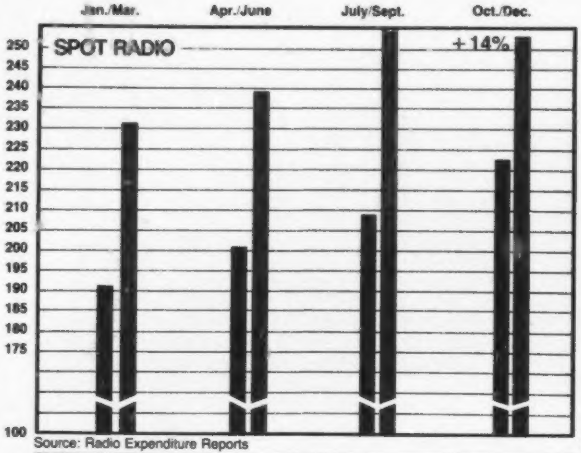
Sources: **Nighttime Network TV** — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service. **Daytime Network TV** — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service. **Network Radio** — Cost per average 30-second radio announcement from BAR's Network Radio Service. **Spot TV — prime and daytime** — Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn. **National supplements** estimate based on published (rate cards) costs of a page, four-color for the national supplements. **Daily Newspapers** estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe. **Business Publications** estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications. **Outdoor Posters** based on estimate prepared by Institute of Outdoor Advertising. **Spot radio** index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

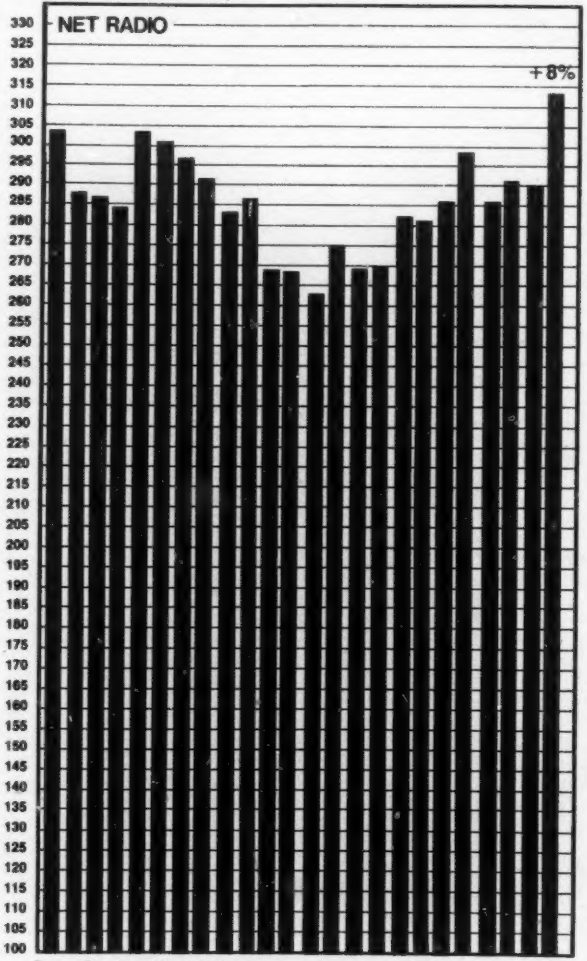
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

MEDIA COST INDEX (continued)

Black bars index for 1983; color bars 1984; base year 1977

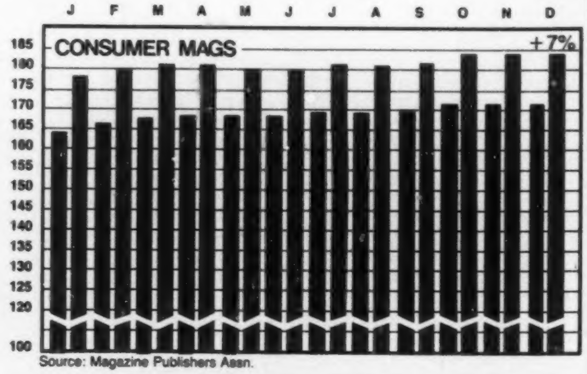


Source: Radio Expenditure Reports

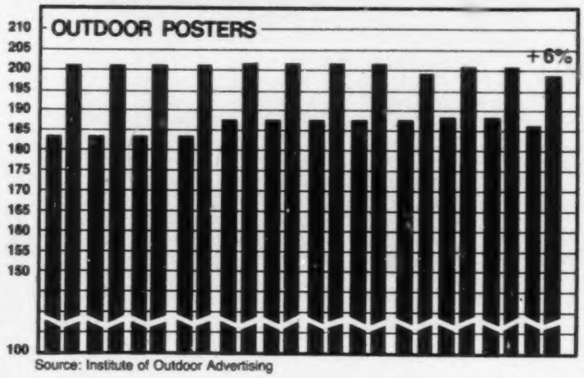


Source: Broadcast Advertisers Reports

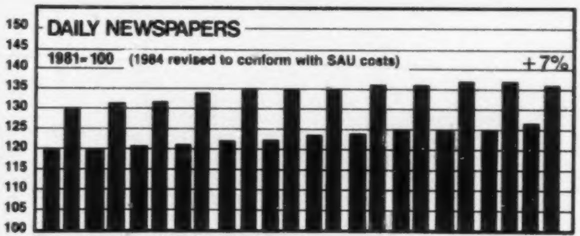
J F M A M J J A S O N D



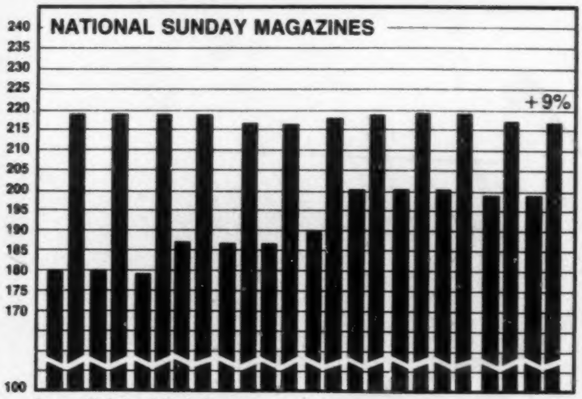
Source: Magazine Publishers Assn.



Source: Institute of Outdoor Advertising



Source: Newspaper Advertising Bureau



Source: Marketing & Media Decisions

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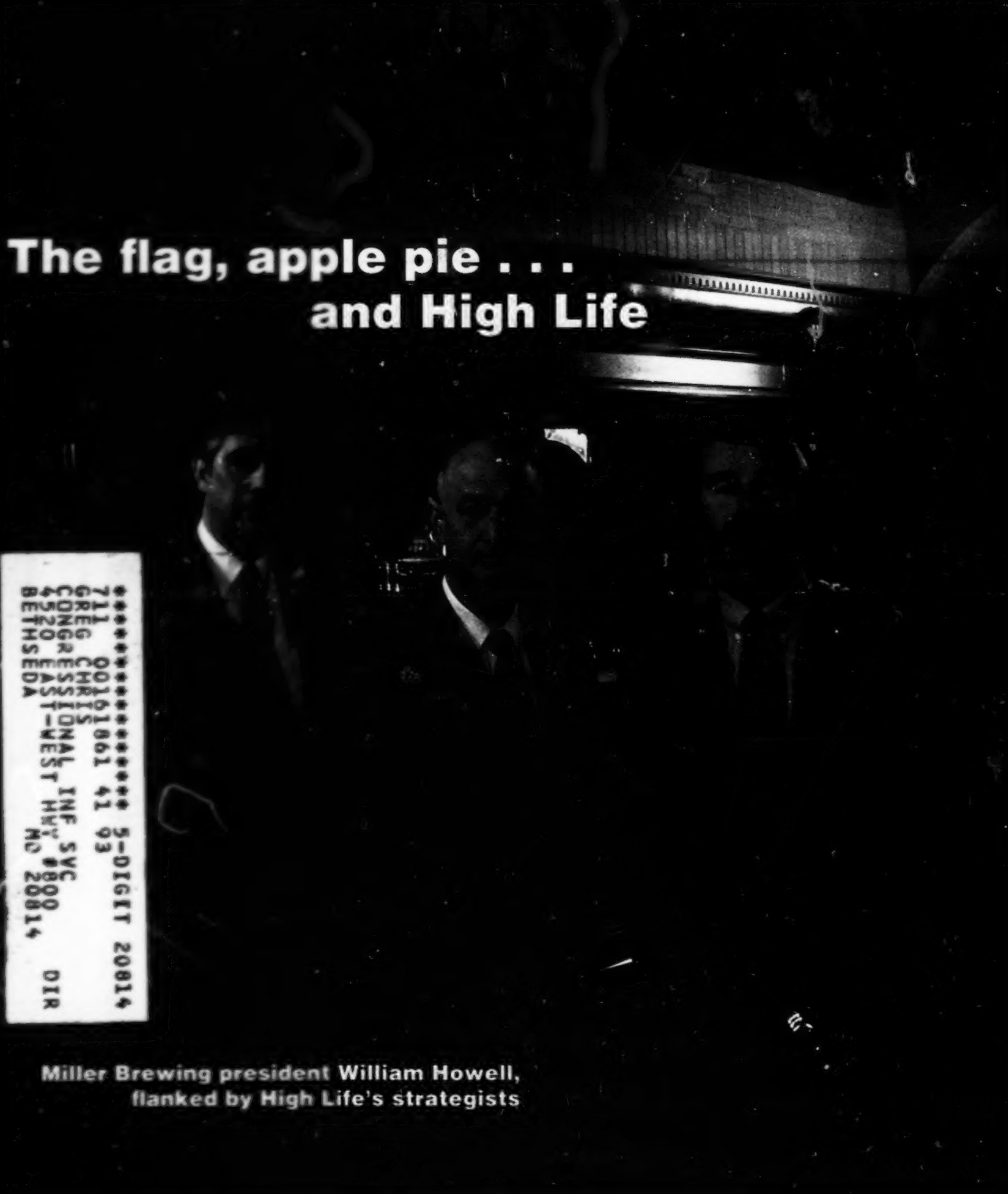
MARKETING & MEDIA Decisions



The flag, apple pie . . . and High Life

*************** 5-DIGIT 20814
711 00161861 41 93
GREG CHRIS
CONGRESSIONAL INF SVC
4520 EAST-WEST HWY #800
BETHSEDA MD 20814 DIR

Miller Brewing president William Howell, flanked by High Life's strategists

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Left to right, vice president of brand management Bob Toledo; Miller Brewing Co. president William Howell; Miller High Life brand manager Jerry Schmutte.

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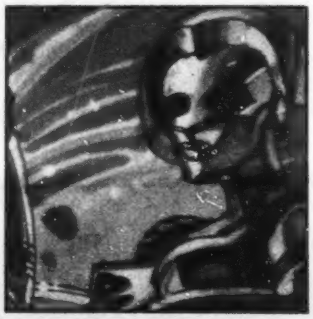

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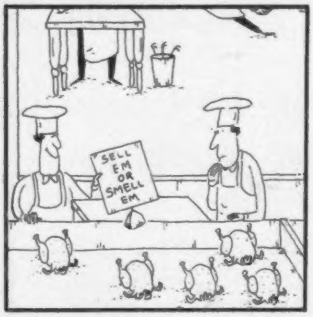
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UPDATE

Campbell's cites media winners

The judging is over and the winners are in for Campbell Soup Co.'s first creativity in media awards competition. The winners were honored at a luncheon in New York April 15.

The competition was created to provide recognition for outstanding media work among Campbell's agencies, explains George Mahrlig, director of media at Campbell's. All nine of Campbell's agencies were invited to submit their most creative media strategies that were executed during the 1984-85 year. Campbell's received 16 entries in total, which were then judged by Herb Maneloveg, an independent media consultant; Donald Evanson, director of Marketing & Media Insights; and Ed Papazian, co-owner of TV Dimensions, The Media Cost Guide and *ad forum* magazine. The judges were looking for winners in five categories: most creative overall media plan; and the most creative tactical uses of a single medium for tv, radio, print and out-of-home. No winners emerged in the print and out-of-home categories.

For most creative overall media plan, Needham Harper Worldwide won for its work on Franco-American canned pasta. Needham took the honors because it was the best example of targeting an audience using a relatively low budget. Needham's plan called for daytime network tv and print to introduce a campaign to mothers and their children 2-11, followed by five flights of network radio and spot radio, with daytime spot tv to sustain the effort. Then the agency scheduled 25 weeks of Saturday morning network tv and daytime syndication during the week on alternating weeks to provide strong continuity against the brand's primary consumers.

Backer & Spielvogel won the television category for its work on Red & White Soup. The agency created a Campbell's "Souper Soup Sunday" effort. Sunday was chosen because that's the day that the family is together and interacting. And from a media standpoint, HUT levels are up over the week's average by 6% +, with primetime ratings enjoying an advantage as well over the weekly average of between 13%-19%. B&S began its Sunday blitz with ads in the Julia Child food section of *Parade* magazine and select independent newspaper supplements. Then, in the afternoon, the agency used a heavy schedule of daytime radio, including long-form programs like *Dick Clark's Countdown.* The effort was capped off with primetime tv, with eight spots airing Sunday evening consisting of a three-network roadblock; a double-spotting technique employed for half weight, and a vertical spotting technique used for the remainder of the weight, leading in and out of programing.

Finally, CRN Media, a buying service based in Connecticut, won the most creative tactical uses of radio for its strategy for Red & White Soups using radio to tie in with storm reports. (See *Campbell Soup Profile,* "Radio Special Report," April 1985, pg. 110, for more details on the effort.) CRN Media uniquely met the challenge of using radio for the soup during winter storms, reports the judges.

In commenting on the competition overall, Herb Maneloveg congratulated Campbell's for recognizing "the importance of good media planning in this complex, highly segmented marketing world." Maneloveg points out that for certain brands, "proper media selection can almost be as important as the creative message."

Airline ad dollars in newspapers for 1984

Media Records' tallies of advertising dollars in newspapers were not available in time to make last month's brand report on the airlines industry. Figures for full year 1984 show Delta the most reliant on the medium:

	(000)
American	$ 8,824.1
Continental	12,849.9
Delta	20,439.7
Eastern	12,407.7
Midway	4,881.2
Muse Air	1,652.5
NYAir	1,693.5
Northwest	6,739.6
Pan Am	3,143.1
People Express	5,207.4
Republic	7,941.7
TWA	8,539.7
United	5,029.2
USAir	5,942.6

Five hot shots still rolling along

Fallon McElligott Rice's hot streak shows no signs of abating. (See *Can these five hot shots keep their cool?,* April 1985, pg. 48.) Last month the feisty Minneapolis-based agency picked up another piece of new business, adding *Rolling Stone* magazine to its swelling client roster.

FMR's new assignment is to produce a trade and direct mail campaign aimed at media decision makers. The new campaign is expected to break late this month and will position *Rolling Stone* as the leading lifestyle magazine that focuses on the music and cultural interests of affluent 18- to 34-year-olds.

FMR's latest coup comes on the heels of winning the coveted *Wall Street Journal* account from BBDO where it had been for 40 years. On commenting on his choice of agency, Jann Wenner, editor and publisher of *Rolling Stone,* describes FMR's abilities as "tough, explosive, creative."

HOMEWORK

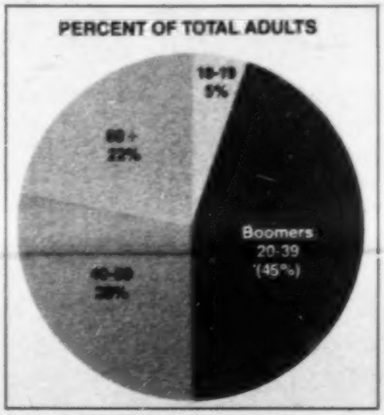
The *real* baby boomers

A lot has been written about how large the baby-boom generation is and why they are different from their predecessors, but seldom has an outline so succinct been given on the subject as that prepared by Daniel Yankelovich, chairman and founder of Yankelovich, Skelly & White, for *People* magazine's recent baby-boom seminar.

In presenting his case, Yankelovich points out that the baby boomers, when they were fresh out of high school and college, did not understand the concept of scarcity or sacrifice. In particular, they could not grasp the psychology of their parents' depression mentality. What perhaps was most disconcerting to the young baby boomers, according to Yankelovich, was the idea that sacrifices had to be made in personal development or self-fulfillment. Determined to be different from their parents, the baby boomers placed high values on cooperation, friendship, sexual expression, and an emphasis on community.

But as the baby boomers have grown up, this set of values has been replaced by today's more limiting realism. "The boundlessness of the 70's was changed by the aftermath of the Vietnam War and accelerating economic woes. Then in the late 70's, there was a fear that the 'kids would do worse than they did,' " Yankelovich explains. But he adds that today the mood has shifted back to a compromise of both limitless idealism coupled with harsher realism.

In describing who the baby boomers are, Yankelovich points to the group's high level of education and income, which more often than not helps the group enjoy expensive leisure activities. While they are relaxing, he adds, the baby boomers are likely to postpone having children.



Source: 1984 SMRB

Pointing out that the baby boomers also have a high sense of self-actualization, Yankelovich reports that this awareness translates into the unwillingness of the group to give up either expressive or material goals.

What this means is that the baby boomers are unwilling to wait for things they feel they deserve. They also have a hunger for diversity of experiences and a fierce desire for autonomy and independence. These desires are framed by the baby boomers' focus on the body as a work of art. And this narcissistic group yearns for pleasure, not just as something earned, but for just the raw sensation of it. It's not hard to understand, then, the baby boomers' search for peak experiences, whether they be in religion, patriotism or career achievement. The way they achieve these values is through what Yankelovich calls the master concept, defined as encompassing negotiation, balanced but bound by an all-around pragmatic approach.

Unlike their parents, the baby boomers, Yankelovich points out, normally don't look to the Jones's for clues as to how to live their lives, but ask *themselves* what they really want.

Their soul-searching frequently intensifies their already strong demand for quality in products and services. An even more powerful marketing theme, he notes, is the baby boomers' concept of personalized success, determining what's right for them rather than striving to be the best by society's definition. This stress on individual performance doesn't mean, however, that this group fosters an altruistic feeling about the value of work. For the most part, baby boomers work for incentives and will hold back their energies if these are not forthcoming. Yankelovich predicts that the prevalence of this attitude will lead to an acceleration of entrepreneurism. What can't hurt this trend, he says, is the baby boomer's zest for winning.

At the same time, baby boomers have a practical approach to both time and money, Yankelovich says. They view time as a value. They will sleep less and maybe shop once a night. And when they shop, they look for good value. Since they are so conscious of time, however, they will often save themselves wear and tear by spending more on brands that are reliable.

It's assumed that the baby boomers place a high value on the work place, but primarily as the place to achieve creative and material gains. When better offers come — whether it be at work or at home — the baby boomers are likely to jump ship. Not only do they have a sense of limited loyalty, but they have a tendency to cut corners —like beating the IRS.

But Yankelovich, on an idealistic note of his own, predicts that the baby boomer's pragmatism could ultimately lead to a counterwave yearning for idealism. With a greater distance between the haves and the have nots, he believes there will emerge a more desperate struggle to be a have. But at the same time, this will invoke a new hunger for community, but with a balance of emphasis on one's self and concern for the community.

FUTURES

Economic outlook from business press

The editors at Cahners Publishing Company and Technical Publishing, which both publish economic forecasts, seem undaunted by the government's weaker first quarter growth figures. Both trade magazine publishers, in separate projections, see the industries they serve enjoying a healthy 1985. So far, however, the pace of the economy as a whole has slowed appreciably from 1984's level, according to the Department of Commerce, which recorded a 2.1% annual growth rate for the first three months of the year. This compares to a 10.1% rate for the same period last year.

Undeterred, Jim Haughey, vice president of economics at Cahners Publishing, sticks to the "fast start/slow finish" scenario many economists predicted before the year began. He believes expansion will continue to year's end. Unlike earlier periods in this expansion, however, Haughey doesn't expect to see "a surge in spending from the usual sources," which include consumer durables, business investment, inventories and exports. Although capital spending is strong, there is a widening gap between spending and capital goods output. More U.S. companies are placing orders for goods and equipment with overseas firms.

The end, as Haughey sees it, will be a different one than in previous business expansions. Peaks in the past decade took a sharp drop, caused by inflation, rapidly rising interest rates, and short supply. This time around, Haughey believes, the material shortages will be tight, but not as tight as before. He projects that the economy will slide into a downturn "without the fact being announced in headlines." By end 1986, the picture should start looking better again — by mid-1987, even the capital equipment sector should look brighter.

Haughey mentions several factors that could put a damper on spending plans, but believes they are all too unlikely to affect his forecast. Massive congressional farm relief, for one, was a short-lived pipe dream — crop prices, therefore, are unlikely to rise. Tax reform with "flat tax" legislation is causing concern, since it would end the boom in nonresidential building. And Haughey seems in line with other economists in predicting a decline for U.S. currency, which began slipping a bit last month in light of European fears over a possible banking crisis erupting here, as well as other factors.

The Cahners projections take a look at several key sectors serviced by that company's publications: residential and non-residential construction, manufacturing, foodservice, and electronics. The economy's burst of energy at the end of 1984 has been a boon to the housing industry, but the Cahners forecast sees problems looming. For one, the over-built multi-unit housing area will probably result in an 18.2% decline in such starts this year. Rising mortgage rates may choke off as much as 10% of single housing starts, bringing the total down to 1.57 million units in 1985. Commercial construction looks uneven: Office construction, spurred by 1981 tax benefits to real

Investigate

COLUMBUS

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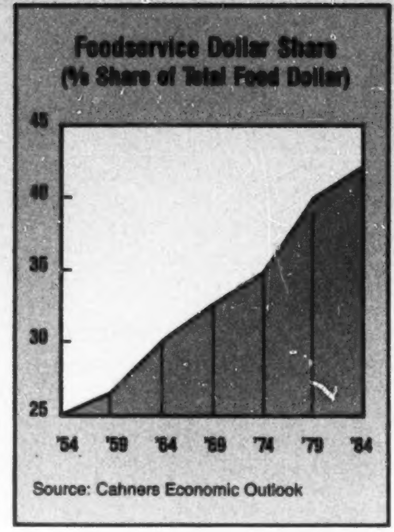
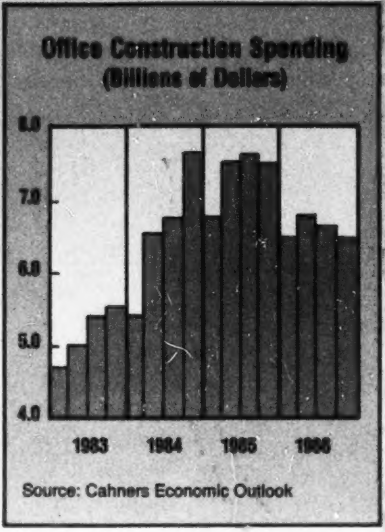
estate investors, is much stronger than the market can bear. According to the report, 80% to 85% of office space under construction in New York and Washington, D.C., is unrented.

Manufacturing will have an erratic track record for the remainder of the recovery, mostly because of the strong dollar and pressure from imports. The outlook for foodservice is decidedly healthier: The forecast calls for the fifth year of consecutive real growth. The good news comes thanks to demographic changes. Two-income families are eating out more, and senior citizens are spending more money on eating out. All in all, Americans spent 42% of every food dollar on a meal away from home last year — the highest level ever.

Electronics' performance will be uneven, predicts Cahners. Strong growth continues in communications and defense equipment. Components, on the other hand, are not faring as well. The report foresees a 9% growth rate, disappointing compared with last year's 27.7% gain.



Source: Cahners Economic Outlook



Source: Cahners Economic Outlook

Technical Publishing, a division of the Dun & Bradstreet Corporation, examines more closely the prospects for heavy manufacturing, technology, energy, and basic industry. According to Joseph W. Duncan, the company's corporate economist and chief statistician, modest economic growth can be sustained throughout the decade *if* there's swift bipartisan action on the deficit. For 1985, he expects to see 3.5% to 4% growth, which he feels is respectable in the shadow of last year's phenomenal 6.8% growth.

One interesting aspect of the Technical Publishing report is the outlook for R&D. R&D funding is expected to increase 13.4% this year, to $110 billion, or about 3% of GNP. Most of the money is coming from industry: Businesses will kick in $55 billion, or a 12.2% boost from 1984. And even more of the money is ending up in industry: $81.2 billion this year. Universities and their associated research centers will raise $3.5 billion and spend $16.4 billion.

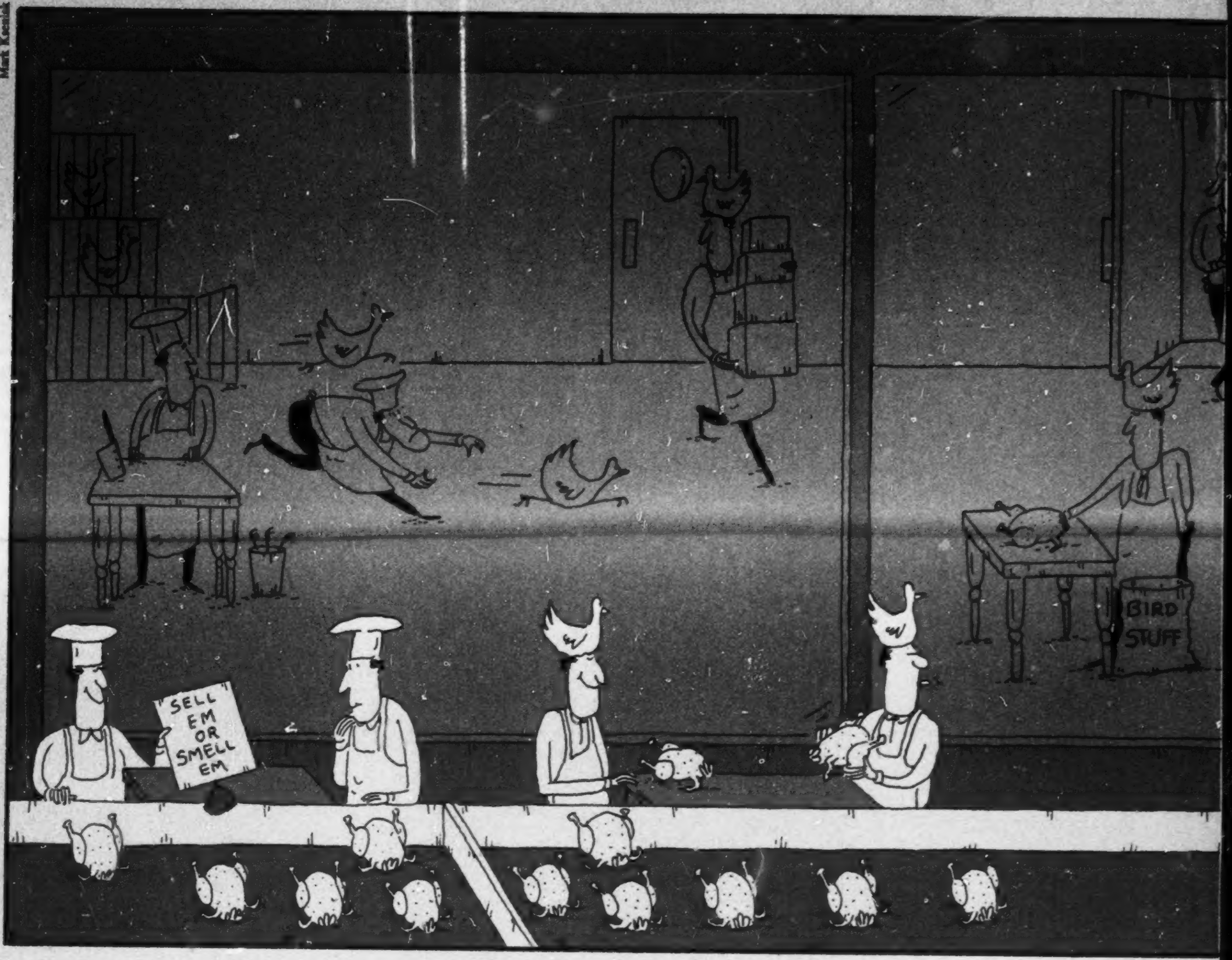
The federal government will put up $51.5 billion, but much of that will end up in academic or business pockets — the government itself is expected to spend $12.4 billion. The report states it would take a significant slowdown in industrial activity and the elimination of federal funding to cut R&D funds.

Economic Outlook Summary

	1985				1986						
Annual Percent Change	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1984	1985	1986
Gross Nat. Product[1]	3.6	3.2	1.4	1.1	-1.0	-2.6	-3.9	1.5	6.9	3.3	-0.5
Industrial Production	5.6	3.2	1.2	-2.0	-7.8	-3.9	-4.8	-2.6	10.7	3.1	-3.5
Personal Consumption[1]	3.0	2.1	1.0	0.3	1.0	0.0	-1.2	-0.1	5.2	2.6	0.4
Business Investment[1]	7.3	3.9	2.3	1.3	-5.5	-10.5	-6.2	-2.8	19.6	7.0	-3.6
Disposable Income[1]	3.0	1.9	1.5	1.6	1.2	0.4	0.8	2.0	6.7	3.0	1.2
Corporate Profits	8.2	6.1	1.4	-4.2	-18.7	-22.1	-2.1	4.6	14.1	-1.3	-9.6
Consumer Price Index	2.3	3.7	4.8	5.3	5.3	5.3	6.5	5.6	4.3	3.6	5.5
PPI (excluding food)	0.9	5.3	6.9	9.0	8.3	6.9	6.1	5.2	1.4	3.1	7.3
Actual Values											
Prime Bank Rate[2]	10.5	10.8	11.4	12.3	13.3	13.4	13.1	12.0	12.0	11.2	12.9
Unemployment Rate[2]	7.3	7.5	7.6	7.8	8.0	8.2	8.3	8.1	7.5	7.5	8.1
Housing Starts[3]	1.71	1.59	1.50	1.47	1.42	1.47	1.56	1.66	1.77	1.57	1.53
Domestic Auto Sales[4]	2.10	2.09	1.82	1.83	1.74	1.87	1.54	1.52	7.95	7.84	6.67

[1]72$; [2]Percent; [3]Million Units, SAAR; [4]Million Units
Source: Cahners Economic Outlook

Mark Kseniak

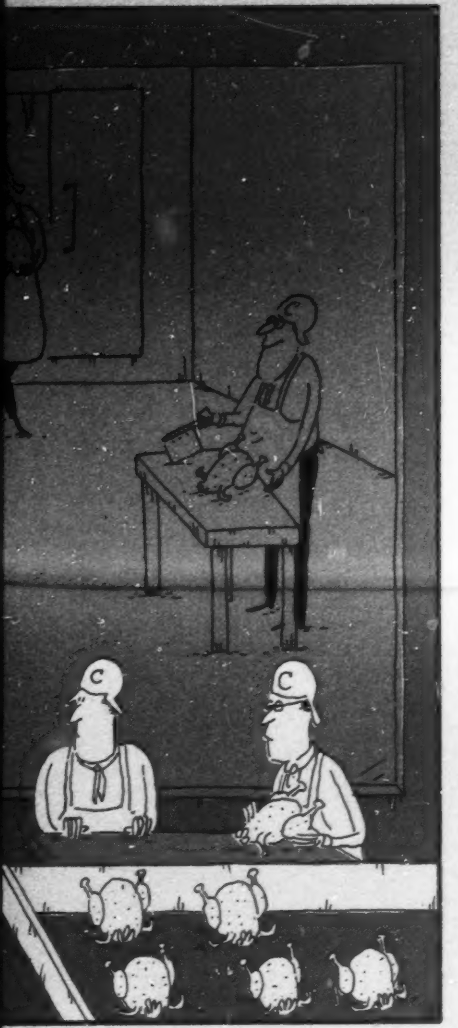

SELL EM OR SMELL EM
BIRD STUFF

The wishbone offense: branding a commodity

As producers turn their birds into brands, they're facing formidable marketing challenges. They're also helping retailers do what they like best — move product.

In the beginning, there was chicken. Just plain chicken. Now, this nondescript bird has evolved into much, much more. For many Americans, it's become part of a health-conscious lifestyle. More important for the nation's chicken suppliers, chicken has become a brand and the meat case a battlefield almost as brutal as the supermarket shelf.

The changing American palate sets the stage for this drama. In ten years, American eating habits have undergone a remarkable transformation that the nation's poultry producers were quick to seize upon. In 1975, the average American ate slightly more than 40 pounds of chicken a year and more than twice that much beef. This year, per capita chicken consumption is expected to hit 54 pounds, bypassing



pork for the first time, and closing in on number-one beef. Industry observers, like the National Broiler Council's director of economic research William Roenigk, believe Americans may be eating as much chicken as beef before the year 2000. While not giving these claims undue credence, the National Beef Council has been running a generic ad campaign for the past 18 months to try and counteract this movement.

Chicken is definitely no longer "just chicken." About 47% of the fresh birds bought in supermarkets, where 60% of the supply is distributed, are branded, a significant increase from 33% just five years ago.

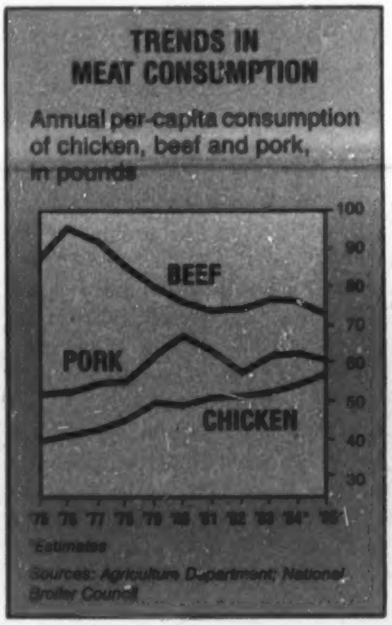
The rapidity of this change belies the difficulty chicken producers have in turning their commodity into a branded product. These marketers are confronted by market conditions that are unique among food producers — conditions that conspire against the creation of a brand in this $4.4 billion market. Profit margins are slim: In a good year, such as 1984, the margin will be three-hundreths of a cent per pound. Feed prices — 60% of the cost of bringing a chicken to market — are variable on an hourly basis.

And a big problem is distribution. There is no national chicken producer — though Holly Farms' 40-state network comes close. One reason is the way most fresh chicken is packaged, in the chill-pack form pioneered by Holly Farms. This refrigerated packaging is preferred to ice-packing, which only lasts three days instead of seven ("There's no market for frozen chicken," notes Bill Rusch, director of marketing at Holly Farms. "People just don't trust that it's fresh."). But chill-packing means the plant has to be within reasonable distance of the market. So the top seven producers, who account for almost all the branded chicken, each have pockets of strength. Perdue Farms, for example, well-known in the Northeast Corridor, doesn't reach past the Ohio Valley. The West Coast is dominated by Foster Farms and Zachy Farms, two California-based growers. Tyson Farms predominates in the Midwest. Other producers such as Cookin' Good and Paramount are known only in New York.

These producers set out to stake their regional claims after recognizing that a branded product commands a higher price and can eventually guarantee volume sales.

"The poultry industry has done a very important thing by putting brand names on products and advertising them," answers Bill Parker, who, as vice president of meat merchandising for Kroger's 1,250 supermarkets, represents the producers' vital link. "They've taught us how to sell [chicken] differently." Indeed, advertising has been crucial to the transformation of the chicken business in more ways than one.

The producer advertises the brand in proportion to its share of market; the supermarket chain, on the other hand, looks to advertising as a determining factor in deciding whether to carry a brand. Holly Farms, for example, bases its media weight and mix on ACV's ("all commodity volume"), a loose measure of the total chicken consumed in areas where supermarkets also carry a particular brand. In a low ACV market (i.e. Atlanta at 20% for Holly Farms), says marketing director Rusch, "a base of television" will do. In higher volume markets (i.e. Washington, D.C., at 70%), Holly Farms increases television advertising and adds radio. Kroger's, one of the chains Holly Farms distributes through, also carries Tyson's chicken in some stores — but not at the same time. Parker explains that he bases his decision between the two on "where the company is the strongest, and where it is advertising the most."


TRENDS IN MEAT CONSUMPTION

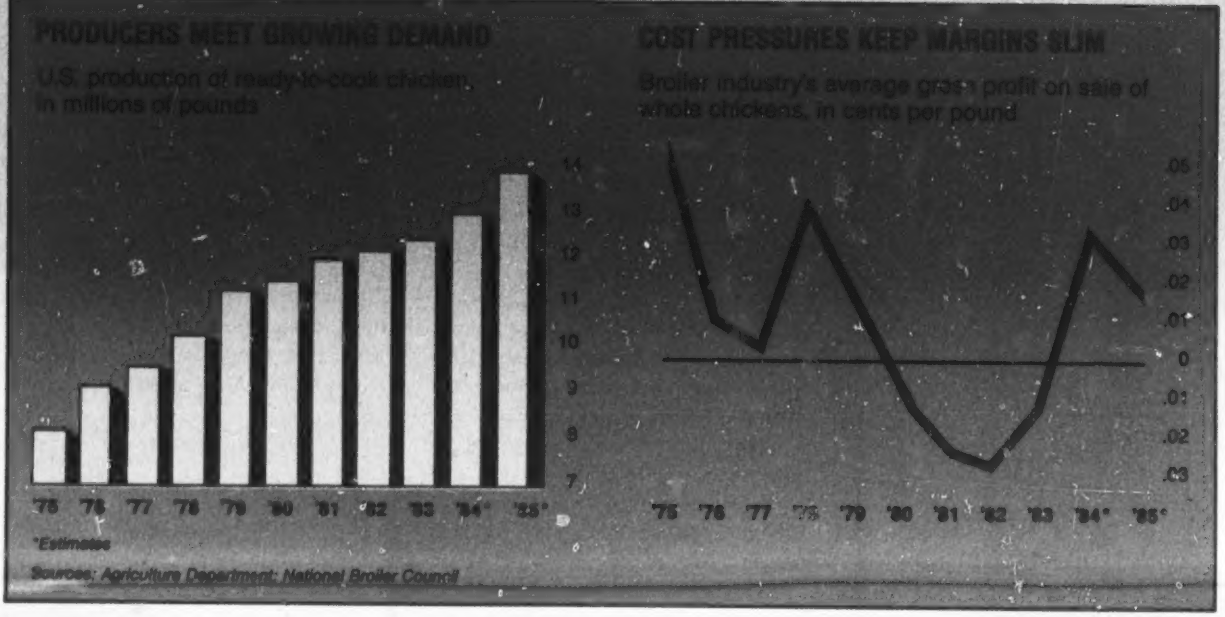
Annual per-capita consumption of chicken, beef and pork, in pounds

*Estimates

Sources: Agriculture Department; National Broiler Council

Television is increasingly being used to augment the big producers' radio and newspaper efforts and to create strong brand awareness. Perdue leads the way in the use of tv with $7 million invested in the medium in 1984, according to estimates based on first-half figures from Leading National Advertisers. This amount was directed at Perdue's area of distribution along a narrow strip from Portland, Me., to Washington, D.C. Number-one producer Holly Farms, in contrast, spent $5 million in tv, again based on projections from first-half figures, as did Tyson Farms.

Each of the major marketers has



*Estimates

Sources: Agriculture Department; National Broiler Council

been trying to carve out a niche. The rising popularity of chicken parts and processed chicken hasn't gone unnoticed — in fact, doing more work on the chicken before it leaves the plant has been the most popular way of diversifying. "There has been a dramatic shift to parts and processed chicken," comments Roenigk of the National Broiler Council. Half the chicken consumed today, including chicken eaten in such institutions as schools and fast food outlets, is in parts. Another 20% is processed, up from 9% in 1979. But as Holly Farms' Bill Rusch explains, this route has been both a boon and a curse for the produce.

The good news is that there is a higher profit margin in chicken parts for the producer and retailer. Like Perdue's premium whole birds, a cut-up bird, wrapped on a tray, costs the retailer about five cents more per pound, and the consumer, 10 cents more. The bad news is that it's no easy task for the producer to sell as many chickens in parts as he started out with whole. Certain regions have distinct preferences. The Northeast, for example, is definitely breast territory; the Southeast likes dark meat. That means the prices of parts have to be adjusted constantly so that the less expensive wings plus more expensive breasts add up to a round number of whole chicken.

Even more profitable is processed chicken — boneless fillets or, increasingly, such oddities as chicken bologna and chicken franks. This market is burgeoning because products such as a boneless breast take less time to cook, and convenience is increasingly at a premium. Kroger's Parker points to Tyson as a leader in this area. "They are light-years ahead of the industry in taking chicken and giving you another product out of it," he says. Buddy Wray, Tyson's director of marketing, says the company is eager to see a greater part of its supermarket business (40% of the company's total distribution) come from such products. In fact, Tyson's has just begun testing a line of chicken entrees in nine markets, "scattered from Tampa, Florida, to Seattle, Washington." Unlike the rest of Tyson's line of advertised products, this line is pre-cooked and packaged "to compete with Lean Cuisine" and other frozen entrees.

DINAH SHORE
FOR HOLLY FARMS
AMERICA IS COOKIN'
WITH HOLLY FARMS

DIRECTOR: Cut!!! OK, Dinah. Crew, out for lunch.

DINAH: OUT??? Hey fellas wait, don't go out. . .no. . .I got these new Holly Farms Chicken Nuggets. . .

they're fresh and they're made from fillets. . .there's nothing like 'em. . .don't go guys.
DIRECTOR: But there's not enough, Dinah.

DINAH: Well, I already stir-fried some

and I got some golden fried Chicken Nuggets-and I can do some more real fast. . .

I did those real fast, I can do some more real fast. . .thank you, sweetie. . .

Uh, they're Time Trimmers you know. . .
DIRECTOR: Good, then do a fast ending.

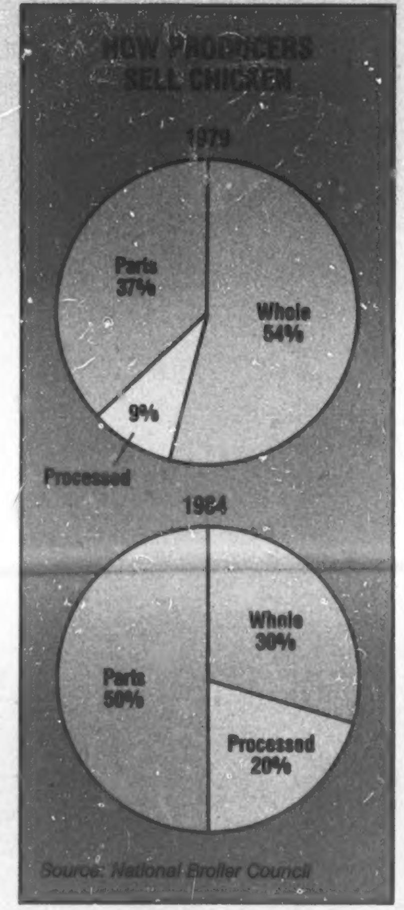
DINAH: Of course. . .America is cookin' with Holly Farms Time Trimmer Chicken fast. . .
DIRECTOR: That's too fast!

DINAH: Not as fast as they can eat 'em . . .don't wait for the plates fellas!

Holly Farms likes Dinah Shore for her familiarity as an entertainer.

Holly Farms is also moving into processed parts with its nuggets. Dinah Shore, Holly Farms' spokeswoman, is promoting the new product in a $6 million campaign. Rusch notes that, because the product is primarily intended for convenience-seekers, more of the budget is going into drive-time radio than Holly Farms usually uses for its other chicken products. Interestingly, most marketers use a spokesperson to identify their product — Tyson uses Tom T. Hall, country-western singer, and Perdue, as most East Coasters know, uses its unforgettable founder.

Perdue's approach to the market is slightly different from most branded producers. Rather than try to wrangle out exclusive relationships with retailers, Perdue aims for a 15% to 20% segment of the chicken counter. The theory is that a Perdue chicken is a premium bird that can peacefully coexist with unbranded products. For this privilege, the company charges retailers about five cents more per pound; the supermarket, in turn, ups the price 10 cents per pound. ''Typically,'' notes president Thomas Shelton, ''we sell our chicken on the two-chicken system.'' Just in case the consumer hasn't caught on, Perdue has just started airing new commercials drawing attention to the fact that the parts sitting next to Perdue's may be an unbranded, ostensibly inferior product. The next step is ''adding more value to our product,'' says Shelton, which he aims to do by selling more boned and even cooked product. And, as of last July, Perdue Farms became the proud owner of Shenandoah company, a turkey producer with a further-processing plant that delivers items such as turkey breasts to foodservice outlets and retail stores. ''At some point,'' says Shelton cryptically, ''we may look at the foodservice market for our chickens, especially with our entry into further-processing. The foodservices are the biggest piece of that business. But it's a new area for us.''



Source: National Broiler Council

SCALI, McCABE, SLOVES, INC.
CLIENT: PERDUE, INC.
PRODUCT: BROILERS

TITLE: "WHY CHANCE IT"
LENGTH: 30 SECONDS
COMM'L. NO.: YPJC 4073

1. (SFX: WHEEL TURNING)

2. FRANK PERDUE: Every time you go to the store and don't buy a Perdue Chicken,

3. you could be taking a gamble.

4. You could get a chicken that's a little skinny. Or one that tastes a little funny.

5. Or one that's not so fresh or tender or juicy.

6. You might even get one as good as Perdue.

7. (WHEEL STOPS TURNING)

8. (SFX: WHEEL TURNING) Why chance it?

9. (SFX: WHEEL TURNING)

A well-known face in the Northeast Corridor, Frank Perdue talks chicken.

Out on the West Coast, Foster Farms' director of marketing, Tom Orr, has been applying similar strategy to his branded products. He explains that Foster Farms is content to be the premium supplier of fresh chicken and such processed meats as franks and ready-to-eat meat. ''There are two consumers out there, the price shopper and the premium shopper, even in low-income areas,'' he says, adding that he doesn't believe brands can overtake more than 50% of the market on a national basis. ''On the one hand, chains don't switch their branded suppliers as often as they do their commodity suppliers — all you have to do is keep your brand franchise healthy. But the proportion of branded chicken changes market to market, because each one has a retailer trend in how they promote.'' He adds with a chuckle, ''I don't think anyone in our industry is ever bored.''

Is there any chance of a truly national brand of chicken? It would be difficult to pull off. Distribution through retail outlets leads to a definite buyers' market — and the stores like to keep it that way. Most supermarkets don't like to carry more than two types of chicken, usually a branded product and a private label or unbranded chicken at a lower price. These contracts are forged on an exclusive basis — the 1,250-store Kroger chain, for example, carries only Holly Farms and Tyson birds. The supermarket's position is strengthened several ways. In

Continued on page 176

NEWSPAPERS
By DEBBIE SOLOMON
Media research supervisor,
Leo Burnett, Chicago

National vs. Local Newspaper Ad Rates

Average Differential by Circulation

Circulation	1982	1984	% Increase 1982 - 1984
over 250,000	80.9	87.2	9%
100,001 - 250,000	65.4	74.7	18
50,001 - 100,000	35.5	53.7	51
25,001 - 50,000	40.6	47.3	16
under 25,000	35.0	38.2	9

Source: 4As

Newspaper rate differentials

For years, newspaper publishers have charged national advertisers higher rates than local retailers. A recent study by the American Association of Advertising Agencies (4A's) shows that a situation is getting even worse: Newspapers are raising their national rates at a faster pace than their retail rates. Below is an analysis of the latest research study.

Key findings

The 4A's study found that national advertisers paid 60.5% more than retail advertisers in 1984 for an annual contract of 20,000 lines. (This contract size was used as the basis of comparison because it represents a meaningful discount level for retail advertisers, yet it is not beyond reasonable consideration for a national advertiser.) This is the second-highest differential in the 51-year history of the study; the highest differential was 61.7% in 1963. Although the differential decreased after 1963, it has been increasing steadily since. By comparison, the average differential in 1933, when the 4A's did its first survey, was 37.9%.

Unlike what is commonly believed, the differential tends to be larger for major metropolitan newspapers and smaller for small-town newspapers. Among papers with over 250,000 circulation, the average differential was 87.2% in 1984, while for papers with less than 25,000 circulation, it was only 38.2%

The differential has increased across all circulation categories since 1982, with papers in the 50,001 to 100,000 circulation range having the greatest increase.

The differential varies greatly from paper to paper. The paper with the largest differential in 1984 was the *Des Moines Register* (188%). An additional 11 papers, including the *Newark Star-Ledger* and the *Omaha World-Herald*, exceeded 150%. By comparison, the *Little Rock Gazette* was at 17% and the *Fresno Bee* and *Chicago Sun-Times* were at 40%. A number of smaller papers had no differential and a few unidentified smaller papers had national rates which were lower than their retail rates.

Top 10 Newspapers: local vs. national rates

Cost of a 500 Line Ad

Rank	Newspaper	Local	National	% Diff.	National Ad Less Agency Commission	% Diff.
1	New York Daily News	$4310	$8510	97.5%	$7234	67.8%
2	Los Angeles Times	2575	4310	67.4	3664	42.2
3	New York Times	2500	5430	117.2	4616	84.6
4	New York Post	2175	5400	148.3	4590	111.0
5	Chicago Tribune	2624	5964	127.4	5070	93.3
6	Washington Post	1775	4130	132.7	3511	97.8
7	Detroit News	1890	4085	116.1	3472	83.7
8	Chicago Sun-Times	2215	3100	40.0	2635	19.0
9	Detroit Free Press	1975	3515	78.0	2968	51.3
10	Long Island Newsday	1870	3825	104.6	3251	73.9
	TOTAL	$23,909	$48,270	101.9%	$41,031	71.6%

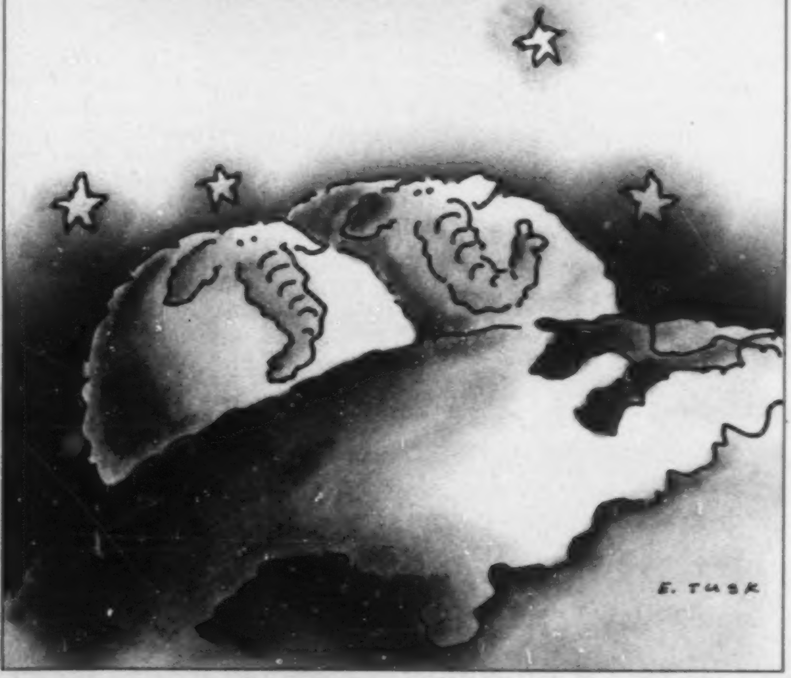
Source: 4As

Seattle is the 13th largest CMSA in the country. A growing, affluent market that's easy to reach with our Jumbo Combo package. Our low combination rate delivers two daily giants, The Seattle Times and Seattle Post-Intelligencer. Together, they cover 47% of the market daily and 56% on Sundays.

For details, contact your CWO&O representative. Find out how the Jumbo Combo can put you on the map.

The Seattle Times/Seattle Post-Intelligencer

ARE YOU OVER-LOOKING A MAMMOTH MARKET?



Why the discrepancy?

Newspapers defend the rate differential by saying it costs more to do business with national advertisers because of agency commissions. However, the average differential, 60.5%, is considerably higher than the standard agency commission of 15.0%. We did an analysis of rates for the ten top circulation newspapers to see what would happen to the differential if agency commissions were not a factor. The basis of our analysis was a schedule of one 500-line ad in each paper. Based on published rates, a national advertiser would pay 101.9% more than a local retailer would pay. After the 15.0% agency commission was subtracted from the national rates, the national advertiser would still pay 71.6% more than the local retailer.

National ad premium vs. retail

Year	Rate differential
1933	+37.9%
1943	48.6%
1953	54.5%
1963	61.7%
1973	48.2%
1980	54.5%
1982	59.8%
1984	60.5%

Source: 4A's

Another reason newspapers give for higher national rates is that national ads involve higher production and traffic costs. However, it is our feeling that this is not true. National advertisers usually send finished materials whereas the newspapers set type and do layout for many local ads. It appears that the differential is more a question of what the "traffic will bear."

A final consideration is that local retailers are much more important to newspapers' livelihoods than national advertisers. In 1984, roughly 87% ($20.8 billion) of newspapers' total ad revenues came from local advertisers. (This breaks into $13.3 billion for retail advertising and $7.5 billion for classified advertising.) As long as the rate differential continues, it's hard to imagine the proportion of national advertising in newspapers increasing. ■

We'll have to learn how each group of people thinks about the whole range of options competing with what we have to sell and design the product to their specifications.

way that breaks through ever-increasing clutter. That, my friends, is a tall order, but — and this may come as the biggest bit of news — it is something successful marketers and advertisers are already doing. Imagine, a product and the advertising for it being viewed from the *customer*'s perspective. Take the Macintosh computer, for example. It really is the one for "the rest of us" who don't want to plow through a lot of computer mumbo-jumbo.

In fact this return to basics may not be so surprising after all. Someone said that the more things change, the more they stay the same. If so, the future may be more like the present (or the past) than we expect.

Except I wager it will be even more. ■

CABLE
By BETSY FRANK
Vice president, associate media research director, Dancer Fitzgerald Sample

Tuning in to VCR usage

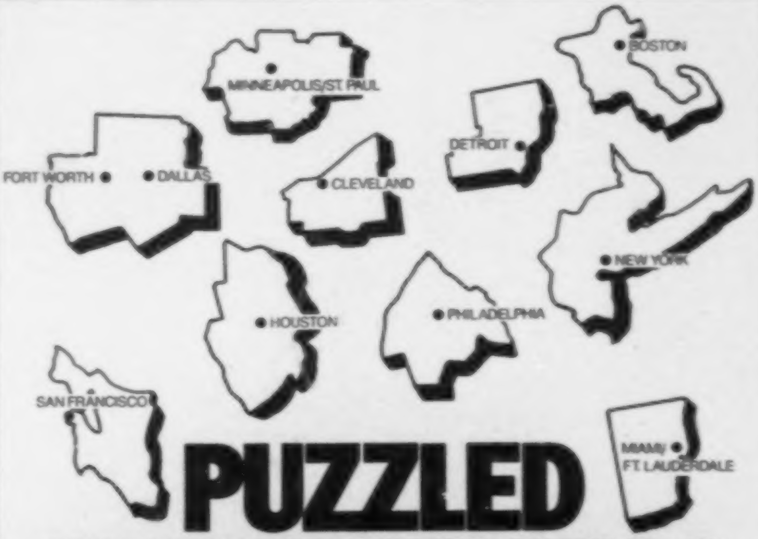
At current penetration levels, videocassette recorders are having a minimal impact on national network ratings, according to the first (December 1984) Nielsen VCR Status Report. We wonder if that statistical finding doesn't cloud the real issue.

Background

It has been said that in its first decade of life, the VCR has entered American homes more rapidly than color tv during its comparable introductory period — in fact, more rapidly than any home electronic gadget except television itself.

The ability to totally program one's own video environment has resulted in videocassette recorders doubling from 10% to 20% of all households in the last year. In evaluating the impact of the VCR, it becomes imperative for our research sources — especially Nielsen — to provide us with complete, timely, usable data.

In response, Nielsen has begun release of its VCR Status Report. The report is scheduled for monthly delivery and contains data on VCR activity in three dayparts: total day, prime, and M-F daytime. A quarterly report will



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A defense against cancer can be cooked up in your kitchen.

There is evidence that diet and cancer are related. Some foods may promote cancer, while others may protect you from it.

Foods related to lowering the risk of cancer of the larynx and esophagus all have high amounts of carotene, a form of Vitamin A which is in cantaloupes, peaches, broccoli, spinach, all dark green leafy vegetables, sweet potatoes, carrots, pumpkin, winter squash, and tomatoes, citrus fruits and brussels sprouts.

Foods that may help reduce the risk of gastrointestinal and respiratory tract cancer are cabbage, broccoli, brussels sprouts, kohlrabi, cauliflower.

Fruits, vegetables and whole-grain cereals such as oatmeal, bran and wheat may help lower the risk of colorectal cancer.

Foods high in fats, salt- or nitrite-cured foods such as ham, and fish and types of sausages smoked by traditional methods should be eaten in moderation.

Be moderate in consumption of alcohol also.

A good rule of thumb is cut down on fat and don't be fat. Weight reduction may lower cancer risk. Our 12-year study of nearly a million Americans uncovered high cancer risks particularly among people 40% or more overweight.

Now, more than ever, we know you can cook up your own defense against cancer. So eat healthy and be healthy.

No one faces cancer alone.

AMERICAN CANCER SOCIETY®

also be issued which will include trend data for additional dayparts, as well as usage by night of the week.

Key findings

- VCR household HUT levels (excluding time spent playing tapes) are about the same as non-VCR household levels.
- On a 24-hour basis, about 7% of VCR household total set usage is devoted to playing tapes.
- On average, almost two-thirds of all recording is done with the set off, although the figure is twice as high for daytime as primetime.

Details

- TV usage: Excluding play, set usage in VCR homes is only marginally higher than in non-VCR homes.

	% HUT		
	Total U.S.	Non-VCR	VCR
M-S 24 hour	31.0	30.9	31.9
M-S prime	63.2	63.1	64.3
M-F day	27.9	27.9	28.2

- Play: Play adds significantly to VCR household usage levels, representing 7% of total usage.

	VCR HH		
	HUT (no play)	Play	Total
M-S 24 hour	31.9	2.3	34.2
M-S prime	64.3	4.7	69.0
M-F day	28.2	2.1	30.3
	93%	7%	100%

- Recording: Recording with the set turned off is responsible for the greatest portion of total recording. In daytime, especially, it accounts for over four-fifths of all recording:

M-S 24-hour	59%
M-S prime	41%
M-F day	80%

- Viewing and recording the same channel simultaneously accounts for less than one-third of total recording, although this is more likely to occur in primetime:

M-S 24-hour	29%
M-S prime	36%
M-F day	12%

- Twelve percent of all recording is done while viewing one channel and recording a different channel:

M-S 24-hour	12%
M-S prime	23%
M-F day	8%

Implications

Some in the industry feel that VCR recording should not receive credit for viewing in the national ratings. The Nielsen VCR Status Report indicates that at least for now, the impact is slight. Total network usage increases by .1 for M-S 24-hour, .4 for M-S prime, and .2 for M-F day. While we welcome publication of the report, we do have some concerns on current Nielsen reporting of VCR usage:

- The estimated VCR penetration of the NTI meter sample is low — considerably below most industry projections, and even below Nielsen's own NAC (diary) sample. This is a combined result of field problems in metering VCR households, and delays in notifying Nielsen when a metered home acquires a VCR. We have asked Nielsen to accelerate its schedule to bring the sample up to industry estimates. Until then, any attempt to gauge the national impact of VCR recording and play will be understated.

The estimated VCR penetration of the NTI sample is low — considerably below most industry projections.

- Play data are currently very limited. Although Nielsen can identify when play occurs, they cannot identify what is being played (pre-recorded or previously recorded?) or how (fast-forward/speed search?). A meter adjunct is now being field tested which will encode a tape during recording for identification during play.

We are reminded of the early days of cable research: We all felt that something must be happening to broadcast tv, but little was showing up in the standard NTI reports. Not until pressure was put on Nielsen to increase the sample in cable households and modify/supplement existing reports were we able to see the impact cable was having on viewing.

We urge Nielsen not to wait so long with videocassette recorders, and to make improved VCR measurement and reporting a priority for 1985. ■

The beer market falls flat

Demographics caught up with the beer industry last year: Not only is America's aging population drinking less, but it's also pushing for more control of alcohol abuse. The change is forcing brewers to develop new niches, and try salvaging established ones.

"It doesn't make sense to jog five miles, come home and get drunk." So suggests John C. Maxwell, a beverage industry analyst with Furman Selz Mager Dietz & Birney, referring to lifestyle changes that have precipitated the first decline in beer consumption in three decades. After several years of sluggish growth, beer's fizzle has gone flat. Industry sales retreated to 182.7 million barrels in 1984, a .6% drop from 1983, according to figures compiled by Maxwell.

Demographic pressures have been squeezing the industry since the beginning of the decade. The major force is often termed "the aging of America," a simple phrase that spells long-term trouble for the industry. The beer drinker tends to be between 18 and 40 years old, and about two-thirds of them are male. As long as post-war babies christened their passage into adulthood with the brew, that profile was great for brewers. Domestic volume swelled, from 87.9 million barrels in 1960, to 121.9 million barrels in 1970, peaking at 183.8 million barrels in 1983. But that prime age group is shrinking: Four years ago, about 59% of all 18- to 40-year-olds drank beer; today, that number has dropped to about 52.5%. To brewers' distress, the baby boomers are nearing another rite of passage — and trading in their beer mugs.

The problem isn't only who drinks beer, but how much that drinker con-

Coors
LIGHT
BEER

Coors is expanding its light label nationally.

First nine months, 1984, media expenditures, leading domestic brewers

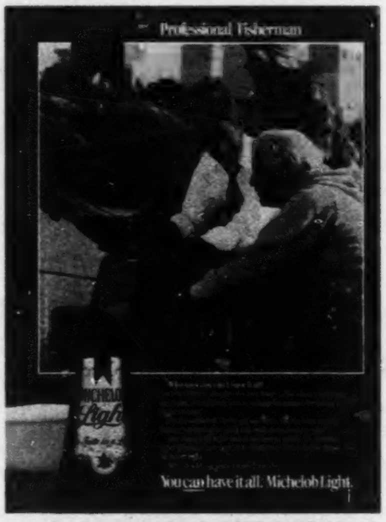
Company	Total	Mags	Newsp	Net tv	Spot tv	Net radio	Spot radio	Outdoor
Anheuser-Busch	$183,302.8	$5,162.5	$4,323.1	$110,620.0	$39,464.8	$4,533.8	$15,015.7	$4,182.9
Miller	139,720.0	1,612.1	1,183.7	94,427.3	23,176.9	–	18,738.7	581.3
Stroh	52,531.2	1,493.3	375.8	28,546.4	9,687.0	–	9,989.4	2,439.0
Heileman	18,468.0	–	624.2	1,713.1	9,514.3	–	5,529.3	1,087.1
Coors	40,676.0	259.1	499.6	4,015.9	20,026.6	–	15,489.9	384.9

Source: Leading National Advertisers, Broadcast Advertisers Reports; Radio Expenditure Reports figures courtesy of the RAB; nine-month newspaper estimates, based on Media Records annual figures.

sumes. As if a declining audience was not enough, the industry faces a dramatic change in popular consciousness: the sobering of America. In four years, overall alcohol consumption has fallen to under half the 1980 level. The effect has been less pronounced for brewers than for distillers, but perceptible nonetheless. Not only are beer drinkers downing fewer beers in one sitting, but they are opting for alternatives better suited to a healthy lifestyle. While the industry is feeling especially heavy losses in the premium segment (45% of the total), sales of non-alcoholic beverages are soaring. Contenders come from every corner: bottled water (up 188% in four years), and even soda (11%).

Along with the changes in taste has come a change in the perception of alcohol's effect on society. The rising tide of popular activism threatens brewers from several sides. Steady campaigning by such groups as Mothers Against Drunk Driving (MADD) has led to legislation raising the legal drinking age in many states. The Surface Transportation Assistance Act will soon deny federal highway funds to any state that hasn't raised the minimum legal age to 21 by October 1986. The move could cost brewers as much as $82 million in lost revenue.

Elsewhere, a coalition, led by the Center for Science in the Public Interest (CSPI), seeks to ban beer and wine advertising from the airwaves. The debate centers on the influence of advertising, often depicting such celebrities as former sports stars, on youthful drinking habits. At stake: the $750 million beer and wine marketers spend annually on radio and television advertising. Since 1975, brewers' outlays have increased more than fivefold, to more than $600 million last year. In that period, per-capita beer consumption has risen only 14%, a statistic brewers cite to support their contention that advertising expenditures are intended to woo current drinkers away from other brands. The public activist groups charge that the advertising attracts non-drinkers and underaged would-be drinkers.

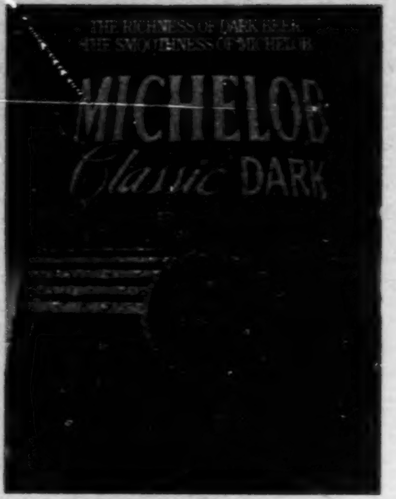

Professional Fisherman
You can have it all. Michelob Light.

Beer drinkers don't become diet-conscious until they're in their thirties.

Legislative solutions to alcohol abuse have already had an effect on beer consumption. So far, 23 states have passed dram-shop laws holding bars, restaurants, package stores, and, in some cases, individuals liable for road accidents caused by drunk driving. A growing number of states have okayed stricter penalties for driving while intoxicated (DWI): 16 states now impose a jail sentence for a first offense, and 41 for a second. The moves have drawn some criticism from Constitutional watchdogs, but the popular tide of neo-prohibition has overcome objections so far. The next target: happy hours and other such inducements, already banned in Massachusetts and under consideration in other states.

The cumulative effect, say brewers, is terrifying. When Colorado passed a stiff drunk-driving law in November 1984, sales in the holiday season fell "20% to 25%," according to Tom Schwalm, executive vice president of marketing for Dribeck Importers, the American distributors of Beck's beer. "Wholesalers told us their wine and liquor displays for the Christmas season," a peak selling season, "just sat there," he says. Next on the legislative agenda is a possible hike in the excise tax, already scheduled to increase 19% for hard liquor in October 1985. Efforts by Anheuser-Busch, Miller, Heileman and Coors to educate drinkers have only earned these brewers an increased measure of suspicion from anti-abuse groups who point to concurrent collegiate promotions. Also taking a toll are the "bottle bills," which require the consumer to pay an additional five cents deposit per bottle. Robert S. Weinberg, an industry consultant, estimates that as much as half the decline in consumption can be attributed to the bills in effect in the Northeast.

These changes in the competitive environment hit the major domestic brewers differently. The exact figures on brand performance and segment growth vary among such industry sources as Maxwell's report for *Beverage Industry* and the tabulations kept



Anheuser-Busch hopes a new campaign will attract upwardly-mobile professionals to its super-premium.

by *Impact*, another industry newsletter, because states report differently and the industry analysts have different methods of tabulation. However, the general trends are the same. Since 1982, Miller (1984 volume, according to Maxwell, 37.9 million barrels) and Stroh (23.9 million barrels) have invested heavily in the popular-priced segment once dominated by Heileman (17.0 million barrels). Even leader Anheuser-Busch (68.8 million barrels) has manipulated the price of its Natural Light and Busch brands, both of which hang between the premium and popular-priced points.

Some observers believe all this activity in the 42 million barrel pop-priced segment is squeezing already eroding profit margins for some of the players — especially since Miller upped the ante by supporting its two new entries, Milwaukee's Best and Meister Brau, heavily.

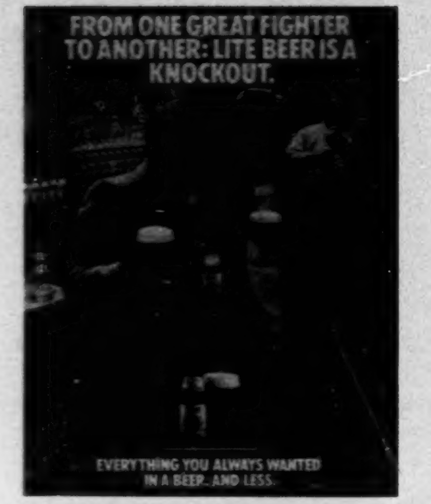
Growth in this segment, as well as continued increases in light beer consumption (36.4 million barrels) and imports (7.1 million barrels), hasn't been enough to offset losses in super-premiums, premiums, and malt liquors, though. And low alcohol beers, introduced this year, haven't turned out as well as hoped. Led by Anheuser-Busch's LA brand, several brewers entered the segment, hoping to boost overall volume. Some analysts, such as Emanuel Goldman, beverage analyst at Montgomery Securities, feel the effort is suffering from its mixed message: Low-alcohol beers try to appeal to a marginal beer drinker who is more likely to consider alternatives, such as soft drinks. Other analysts, including Maxwell, believe it's too early to tell how the low-alcohol segment will develop.

Light beers, on the other hand, which appeal to both diet-conscious drinkers and heavy drinkers, keep growing. Explains Jack McDonough, vice president of brand management at Anheuser-Busch, "People don't worry about their caloric intake until they're in their 30's."

All this, say marketers, means more consolidation ahead among regional brewers and wholesalers. One catalyst, says Robert Rechholtz, senior vice president of marketing and sales at Coors, is Anheuser-Busch's announced intention not to raise prices more than cost increases. This move by the industry's price leader, he explains, will squeeze profitability for brewers — and distributors as well — who do not have the same economies of scale as the number-one brewer.

The environment for acquisitions has been changing, too. "Historically, there have been three valid reasons for an acquisition," explains Weinberg. "A brewer with excess capacity could gain significant economies of scale by shutting down his excess and putting his barrels in [the acquired brewer's] plant. If you needed more capacity, it would be cheaper to acquire it than to build it. Or, if you are a regional brewer who wants to expand geographically, you buy a wholesale organization and brewery."

Since marketing expenditures have risen so dramatically, brewers have discovered another reason for buying. A national advertising budget translates into minimum production of 20 million barrels. This was the opportunity, says Weinberg, that Stroh saw in the acquisition of Schlitz. Future acquisitions, on a smaller level, may be driven more by the need to survive rather than by expansionary ambitions.


FROM ONE GREAT FIGHTER TO ANOTHER: LITE BEER IS A KNOCKOUT.
EVERYTHING YOU ALWAYS WANTED IN A BEER. AND LESS.

Miller Lite, introduced 10 years ago, is now the number-two brand, overall, and tops in the crowded low-calorie segment.

The evolving acquisition of Pabst, the nation's sixth-largest brewery, is somewhat different. Even since Heileman bought part of Pabst in 1982, the larger brewer has been angling to buy the rest, now owned by the S&P Company, which is controlled by investor Paul Kalmanovitz. But Stroh and other brewers objected to Heileman's offer last December, and a judge blocked the Heileman bid. Since Kalmanovitz gained control of the company less than two months ago, he has cut the marketing budget and let go some 200 employees, including the marketing staff.

Marketing budgets in this industry have been skyrocketing, primarily fueled by Anheuser-Busch's sudden aggression in the mid-1970's. Until then, Miller, acquired by Philip Morris in 1970, had been outspending the industry three-to-one on a per-barrel basis. This heavy investment strategy helped Miller Lite rise to its current number-two position among the top 10 brands, in a segment that already had smaller entries and has since seen a proliferation of new brands. But in 1977, Anheuser-Busch put its new marketing plan to work, doubling spending in a year. Since then, budgets all around have been increasing rapidly. Almost all of last year's $600 million+ went into television, and much of that into network. Last year, the five major domestic brewers invested between 65% and 99% of their network dollars into sports programing, sug-

Brewer's estimated market shares

	1979	1981	1983	1984E*
Anheuser-Busch	26.8%	30.0%	33.6%	35.9%
Miller	20.8	22.2	20.8	21.3
Stroh	15.3	12.9	13.5	13.4
Heileman	6.6	7.7	9.7	9.5
Coors	7.5	7.3	7.6	7.5
Pabst	12.3	10.5	7.1	6.6
Genesee	2.0	2.0	1.8	1.7
Schmidt	2.2	1.6	1.7	1.6
Pittsburgh	0.4	0.5	0.6	0.5
Others, Net*	6.1	5.3	3.6	1.9
Total	100.0%	100.0%	100.0%	100.0%

*Includes imports and excludes tax free E*Estimated

Source: Maxwell Report, Beverage Industry, January 1985

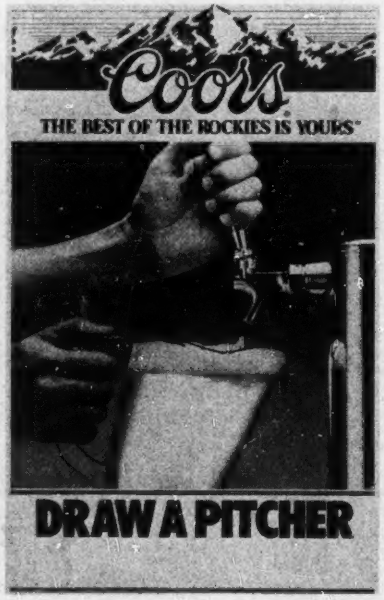
gesting that, even though sports audiences have been declining, it's still the best game in town.

Domestic beer

In 1970, there were 93 breweries in the U.S. Today, there are 43. The top six brewers — Anheuser-Busch, Miller, Stroh, Heileman, Coors, and Pabst — put out about 92% of the industry total. Miller and Anheuser-Busch alone make up 53% of the volume. Since growth started slowing at the beginning of the decade, marketing budgets have been escalating, as the major players try to wrest share from each other. Robert S. Weinberg, an industry consultant, estimates that a national brewer must invest at least $50 million to support his brands. Indeed, only Heileman, with its predominantly popularly-priced line-up, and Pabst, which has eliminated all marketing spending, fall short of that mark.

Anheuser-Busch, the only domestic brewer to show a significant volume gain, boosted its share by 5.5%, to an estimated 34% of the market. Most of the growth came from number-one brand Budweiser, whose market share (24.2%) is more than twice that of runner-up Miller Lite. With such a strong position in the market, it isn't surprising that the king of beers gets a kingsize piece of the budget: About one third of 1984's $220 million budget supported the brand, about 80% of which is in television (see chart, page 127).

Anheuser-Busch's efforts have been increasingly diverse since their bullish push began seven years ago. "Regardless of the outlook for growth in the industry," says Jack McDonough, vice president of brand management, "we have a lot of room for growth." He points out that while A-B currently has a 34% share, computer giant IBM dominates its industry with a 76% share. McDonough laughs off any suggestion that A-B is trying to be the "Big Blue of the beer industry." But the brewer is making greater efforts in every sphere, such as geographic segmentation — right down to a promotion especially for Boston's Irish population on St. Patrick's Day. In an attempt to both diversify and experiment with media alternatives, Anheuser-Busch became a partner in a sports cable venture, *Sports Time*. The experiment proved to be a failure.


Coors
THE BEST OF THE ROCKIES IS YOURS
DRAW A PITCHER

At the same time, the company is trying to strengthen its varied entries. Chief among the company's concerns is the super-premium segment, where Michelob and Michelob Light, though dominant, have been flailing among the imports. "An improved economy and an adjustment of the dollar would certainly help," concedes McDonough. But a $56 million budget, with a heavier emphasis on reaching the upscale drinker via print, and a new campaign won't hurt the cause, either.

Meanwhile, Busch, once a regional premium brand, is now fully national as a popularly-priced beer. The move, supported with about $10 million, seems to be working for the brand, which saw a 26% increase in volume last year. Natural Light, with 1.2 million barrels, is getting a lift from a new campaign, "The beer with the taste for food."

But A-B's big success, according to McDonough, is Bud Light (once Budweiser Light), which, he says, "is going like a skyrocket." Hyperbole aside, the brand continues to grow at about 8% a year, reaching 4 million barrels in 1984, and narrowing in on number-ten brand, Coors Light, with 4.5 million barrels.

Anheuser-Busch, already the price leader in the industry, took its leadership position a step further with the introduction of a low-alcohol brand, LA. Though the move attracted much interest, principally because of the brewer's $20 million+ commitment, neither the brand nor the segment has lived up to expectations. LA is languishing with less than a .25% share — and it leads the segment. John Max-

Coors is already in 44 states, and hopes to be national by the end of this year

> "It doesn't make sense to jog five miles, come home and get drunk."
>
> JOHN C. MAXWELL
> Furman Selz Mager Dietz & Birney

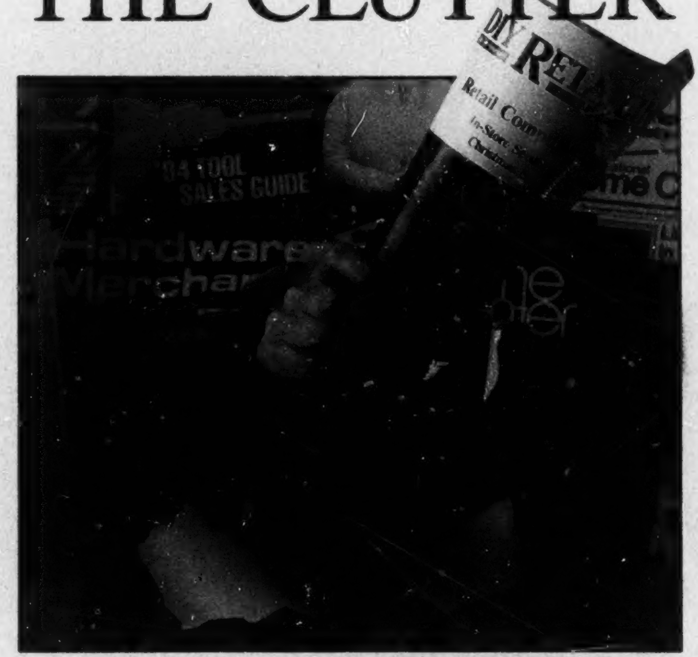
well, an industry analyst with Furman Selz Mager Dietz & Birney, believes that it's still too early to tell whether the segment has done as much as it will. Other observers contend that the disappointing result was unavoidable because the brand targeted a marginal beer drinker. McDonough would only say, "We're patient."

Miller, the industry's second-largest brewer with 37.9 million barrels in 1984, is currently the focus of intense speculation. The crucial question is whether the new campaign for Miller High Life, supported with an estimated $80 million, will be enough to plug up the leaks in the brewer's flagship brand. (See cover story, page 60). In four years, its volume has dropped 63% as High Life's predominantly blue-collar following deserted the brand for budget brews or chose more forceful images.

The Philip Morris subsidiary has other problems besides its faltering flagship, now third placed among the top 10 brands. At the end of 1983, the brewer made a heavy commitment to the budget segment of the market. Once, pop-priced brews held a 50% share of the market, but during the 1970's that share fell to about 25%, according to Bob Toledo, vice president of brand management at Miller. When the recession hit, Heileman was the only brewer with a heavy investment in popular beers. Miller saw an opportunity in that price segment and rolled out Meister Brau, at the higher-priced end of the segment, and Milwaukee's Best six months later. Unlike other popular-priced beer marketers, Miller invested heavily behind both brands: $19 million behind Meister Brau, another $5 million behind Milwaukee's Best. Emanuel Goldman, an industry analyst with Montgomery Securities, speculates that if the problem with Miller High Life wasn't so acute, the brewer would not be fielding its two budget brands as aggressively. "We saw the category growing, and decided to jump in with both feet," shrugs Toledo in response. "It will be a meaningful part of the industry, in the area of 40 to 45 million barrels," of which the two brands have about a 10% share.

Miller's skew toward budget — and lower profit-margin — beers is emphasized by continuing problems with super-premium Lowenbrau. "With the exception of Lowenbrau," speculates Weinberg, "all the other brands probably turn a profit." Comments Toledo, "The economy has hurt the super-premium category" as consumers opt for comparably priced imports. Support for the brand was cut last year, from $20 million to about $15 million. Nonetheless, Miller is thrusting another super-premium into test, Special Reserve. Another experiment is Sharp's LA, Miller's entry in the low-alcohol category. Unlike A-B's LA, however, Miller has kept Sharp in test in five markets. "Our field reports," says Toledo, "indicate that there's not a large body of beer drinkers out there who want this product." He adds that the category may take a long

BREAKING THROUGH THE CLUTTER



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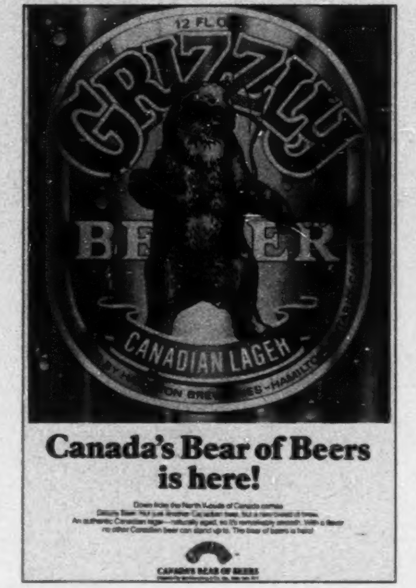
time to develop, the way light beers did before Miller Lite made its big push.

Miller Lite is the brightest spot in the brewer's line-up: Volume was up again last year, to 18 million barrels, placing the brand squarely in second place among all beer sales. Last year's $50 million + budget went principally into television for the now-famous campaign pitting celebrities in an argument over the brand's "less filling" versus "more taste" benefits.

Number-three brewer **Stroh** is continuing its aggressive push, strengthening the brand line-up and expanding geographically. Unlike Miller, which gained about 50,000 barrels, and A-B, up a full 3.3 million barrels, Stroh's volume declined 1.6%, to 23.9 million barrels. Part of the reason was a loss of volume for Stroh's biggest brand, Old Milwaukee. The budget brew felt pressure from Miller's heavy support of Meister Brau and Milwaukee's Best, and fell 500,000 barrels to 7.1 million barrels. Until then, Old Milwaukee's $18 million was the category's biggest budget. Last year, support dropped to about $15 million. "Philip Morris changed the ground rules," explains senior vice president of special products John H. Bissell, "by introducing genuine consumer marketing into a business where there had been none before."



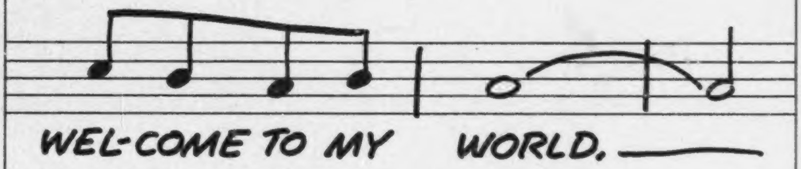
Van Munching fields its third import.

Analysts point out that Stroh, a privately-held company, can afford the time and investment to build its brands. That seems to be the strategy behind Stroh brand, the brewer's second-largest brand. Like Old Milwaukee, the brand is national. Support has been consistently heavy — about half of last year's total $50 million. Bissell explains that Stroh and Stroh Light, with total volume of 6.1 million barrels, "have the greatest potential."

Stroh is also in the midst of fielding its Schaefer brand nationally. The low-end popular-priced entry is taking a high quality approach in its first network advertising. But with its other brands still languishing, most notably Schlitz, the brewer is looking for alternatives. Several months ago, Stroh introduced its first new product out of the special products group which Bissell heads. White Mountain Cooler, a fruit-flavored alcoholic beverage, competes in the growing wine cooler market. The ad budget hasn't been set yet. Also scheduled to get more attention is the super-premium segment, where Stroh's Erlanger and Signature, still in test, compete.

In other arenas, Stroh is earning the reputation of Peck's bad boy of the beer industry. Of the brewer's efforts to break Miller and A-B's lock on sports programing, Bissell says, "We have had a problem in that the most efficient programing has been denied us." Since kicking up a fuss, Stroh has been able to get on "some properties we didn't have before," including baseball playoffs. But, says Bissell, "We're still blocked from *Monday Night Football* and the USFL." As a result, the brewer is turning to alternatives, such as cable and syndicated programing. "We're in the process of working with an outside agency to syndicate our own magazine-format programing," says Bissell of the proposed series, *Stroh's Circle of Sports*.

More recently, Stroh strenuously objected to the proposed sale of Pabst to Heileman, saying the combination of the two brewers would be anti-com-



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Top 10 Brands, 1984

Rank	Brand	Market Share	Production (mil. bbls.)
1	Budweiser	24.2%	44.3
2	Miller Lite	9.9%	18.0
3	Miller High Life	7.9%	14.5
4	Coors	4.8%	8.7
5	Old Milwaukee	3.9%	7.1
6	Michelob	3.7%	6.7
7	Pabst	3.6%	6.5
8	Stroh	2.9%	5.3
9	Old Style	2.8%	5.1
10	Coors Light	2.5%	4.5

Source: Beverage Industry, 1985

petitive in the bustling Midwest, Stroh's strongest region and the site of Miller's biggest gains with popularly-priced brands. "It would be anti-competitive," says Bissell firmly. So far, the courts have agreed with him.

The court's objection to the Pabst acquisition has been a heavy blow to **Heileman,** which saw share on its predominantly budget brands slip 2.9% last year, to 17 million barrels. The brewer has been facing more aggressive competition in the popularly-priced segment it once dominated. "For the first time last year," comments consultant Weinberg, "Heileman suffered a significant setback, because for the first time they are facing real competition." The brewer is putting its biggest push behind Old Style, its dominant brand, which has a strong following in the Upper Midwest. Last year, that brand got about one-third of the total $20 million budget.

Meanwhile, Heileman has been trying to shed its regional image by expanding into the Southeast and Southwest. Pabst, a strong presence in those areas, could have helped make Heileman a stronger national force. Now that Miller is taking share in the Midwest, and A-B in the North Central, the analysts say, Heileman will be under even greater pressure.

Undeterred, Heileman continues to press to expand distribution on such brands as Carling Black Label, Colt 45, and smaller brands such as Blatz. "It will be costly," concedes a spokesman for the brewer, "but it's possible." Heileman faces two hurdles. The company has only one plant, in Colorado, making increased distribution difficult. And the brewer, still a heavy spot television user, can't yet take advantage of national media efficiencies. Nonetheless, the planned budget for 1985 is "in the $50 million range," according to the spokesman.

Coors is also in an aggressive mode, trying to expand Coors and Coors Light, the two brands that represent 98% of the company's 13.4 million barrels. "We are committed to going national," states Robert Rechholtz, senior vice president of marketing and sales. He claims that the expansion, from a base of 20 states to a current total of 44, is "far and away the most successful of any in the industry." Observers aren't quite as optimistic. As Coors moves into new areas, it is losing share in its core markets. Comments Weinberg, "Coors is caught between a rock and a hard place. It's very difficult to be a regional brewer today, but can they be a national brewer? The marketing strategy should focus on holding on to the expansion and stopping the decay in traditional markets." Some analysts point out that Coors is nearing the end of new markets to expand into, and wonder what will happen then.

> **"Philip Morris changed the ground rules by introducing consumer marketing to the popular price segment."**
>
> JOHN H. BISSELL
> Senior vice president of special products, Stroh.

Rechholtz insists Coors can expand nationally *and* grow in existing markets. To help their cause, Coors has a new campaign, "Coors is the one," and some $200 million slotted for advertising and promotion — about three times last year's combined budget. They're also dabbling in network tv from spot, even though "we're only in 75% of the country," notes Rechholtz.

One problem on the horizon is Miller's Plank Road, a non-pasteurized beer like Coors. "It's the first action that emulates the Coors story," says Rechholtz, who believes the entry, still in test markets, doesn't present a serious challenge. He insists, instead, that the vulnerability of the High Life brand is an opportunity to forge ahead.

What will happen to **Pabst**, which last year produced 11.8 million barrels, half of that in the Pabst Light and Hamm's brands? This year, the company was sold to investor Paul Kalmanovitz's S&P Company. Kalmanovitz's first move: firing 200 people, including the marketing staff, and cutting the marketing budget. Weinberg points out that the Pabst brand's share has been declining since 1975, because management couldn't decide whether the beer should be a premium or popularly-priced brand. "The identity of the brand was destroyed," he says. Of recent changes, he adds, "It won't accelerate the decline of the brand to have the marketing support pulled."

Import beer

Import beer consumption runs counter to just about every trend in the industry. Last year, the segment grew 13% to about 7.1 million barrels, and it is expected to move up at least that much this year. Little wonder that Stroh and Anheuser-Busch are eyeing the segment for opportunities. At the same time, import beers are feeling the

Continued on page 138

heat of competition from more aggressive marketing plans, pricing battles and new entrants. In 1984, 100 new import brands made their debut, bringing the total to more than 300. Still, the top five brands hold over 70% of the segment, which itself accounts for about 4% of total industry volume.

IMPORTED
Heineken
Heineken
"Come to think of it, I'll have a Heineken."

The market leader among imports, Heineken controls over one-third of that market.

While the future of these brands seems secure, observers wonder whether the plethora of smaller brands signals the nearing end of imports' rapid growth.

The typical import drinker is slightly different from his domestic drinking counterpart. The biggest difference is one of lifestyles: The import drinker tends to see himself more acutely as an individual. Beer importers appeal to this trait with product from diverse countries — Canada, Germany, Holland, Mexico, Japan, and others. Men between legal age and 35 drink 75% of imports. They also tend to live in top metropolitan areas, a small base the major imports are trying to expand.

The most aggressive efforts come from Van Munching & Co., importer of number-one **Heineken** (34.1% share of imports). This year, the company will spend about $22 million on "Come to think of it, I'll have a Heineken." The money goes into network and spot television, radio, and some print. The goal this year: to boost Heineken's off-premise business, currently 35%. Heineken's dominance makes it easier to expand VM's **Amstel Light** markets and introduce **Grizzly,** both scheduled to get another $8 million in combined support.

Number-two **Molson** fell back slightly last year, a reflection of the waning popularity of Canadian beers. But Gerald Regan, president of Martlet Importing, is undaunted. He hopes to boost the brand's share from 13.4% with a heavier budget than last year's $10 million. The company invests most of the budget in radio, to reach the 43 states in which Molson is distributed, and in television for introductory markets.

Beck's has been steadily increasing share, to last year's 11.1%, and moving out of the East Coast, Florida and California markets, where it is strongest. Tom Schwalm, executive vice president of marketing for Dribeck Importers, says he plans to continue the 10-second ID spots on television, touting the brand as the "number-one German beer," in such cities as Miami and San Francisco. The budget is up to $9 million, partly because the importer is trying to build off-premise business. "Most of the business, 70%, is on-premise now," says Schwalm. Beck's success so far has prompted Dribeck to start importing a low-calorie beer, **Roland Light.**

All Brand Importers is putting about $7 million behind its leading brand, **Moosehead,** with the tag line, "Canada's premium beer." Leo Begleiter, senior vice president of marketing for the importer, says he is switching funds from magazines, which received most of last year's $6 million budget, to spot television, in addition to radio. **Foster's Lager,** from Australia, has doubled its volume in four years, though market share has steadied at about 1.4%. The brand, says Begleiter, does well in New York, Chicago, Denver and the West Coast, where it is advertised as "the big beer from Down Under" because of the 25 oz. cans.

Labatt's, fifth with a 4.6% share of the market, is boosting spending slightly to $4.5 million this year. The Canadian beer has been steadily increasing volume, from 226,000 barrels in 1980 to about 327,900 barrels last year. But the beer hasn't quite achieved the same status as other strong imports: Labatt's strongest cities are Buffalo, Denver, Detroit and Boston, compared with other brands which have established themselves in Southern and West Coast cities as well.

It's easy to put your finger on what's different about this imported beer..........it's light.
AMSTEL
AMSTEL light
AMSTEL LIGHT BEER. 95 CALORIES NEVER TASTED SO IMPORTED.

Van Munching pushes its light import in metropolitan markets across the country.

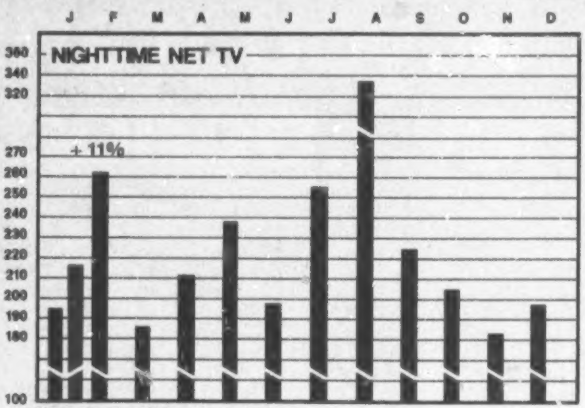
Up-and-coming brands such as **St. Pauli Girl** and **Dos Equis** are narrowing the gap between their volume and the top five. The volume increases are coming to smaller brands for two reasons: The import beer drinker likes to sample different tastes, and the strength of the dollar makes these super-premium priced beers more competitive with premium and super-premium domestics.

Despite the progress made by these smaller brands, some analysts wonder whether the imported beer segment, already becoming crowded, won't look like the rest of the industry in a few years. Since the top 15 brands command an impressive 95% share, and those importers are boosting their budgets to near-domestic levels, these doomsayers believe the bigger imports could crush the segment's lively growth.

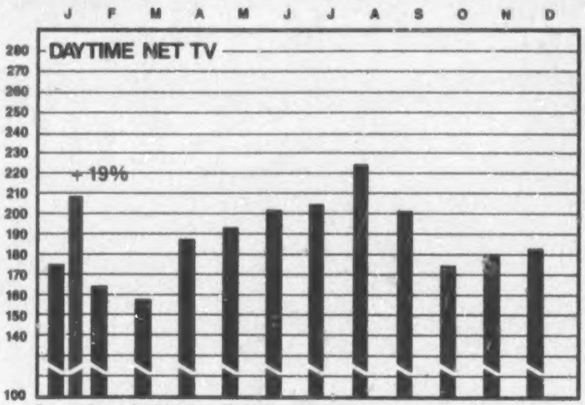
Laura Konrad Jereski

MEDIA COST INDEX

Black bars index for 1984; color bars 1985; base year 1977



Source: Broadcast Advertisers Reports



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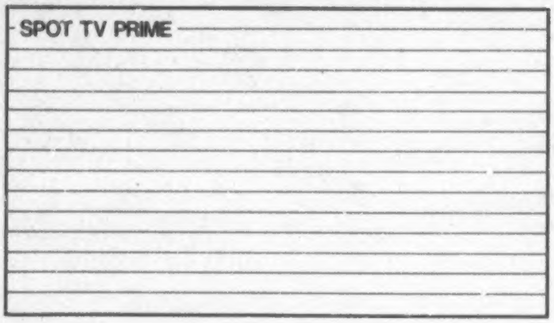
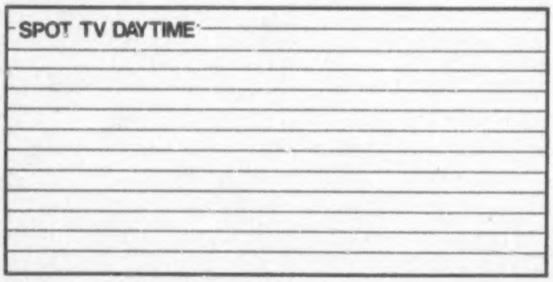
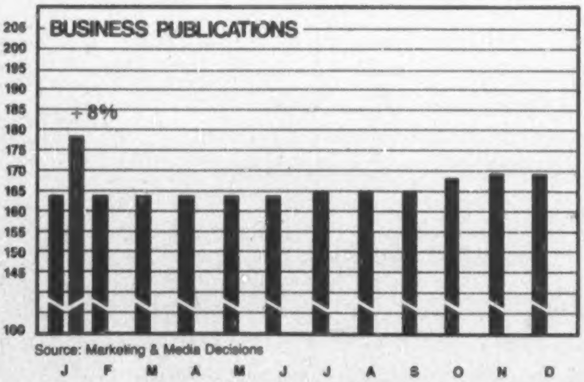






Source: Marketing & Media Decisions

Decision's cost index for the first month of 1985 shows no dramatic changes over the trends evidenced in the latter months of 1984.

Pointwise **network tv** (in both categories) is up three percentage points over the December reports. **Daytime network tv** is up 19% over the year-ago month; **nighttime network tv** is up 11%.

The **national supplements**, with a gain of 10% in the January-over-January readings, are holding close to the numbers shown towards the end of last year.

Newspapers, at +7%, held at the December mark which was down about two points from the other fourth-quarter months.

Consumer magazines show a 9% increase for January over a year ago. Outdoor at +7% over January 1984 is up one point over the December report but this is a function of rounding rather than actuality.

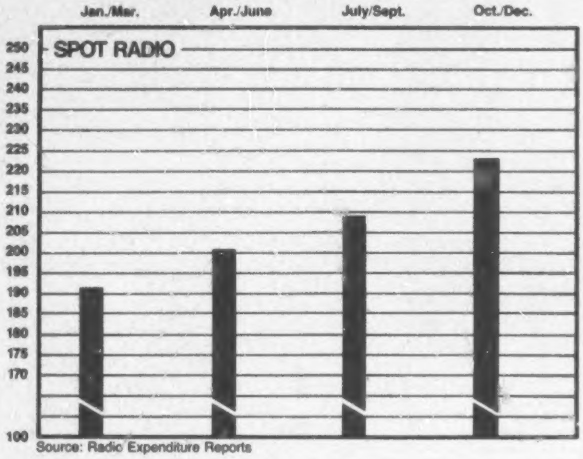
January is the month when most of the rate changes in Decision's sample of **business publications** take effect. The outcome: An 8% increase over January 1984 rates. This is no marked change from the trend in evidence in 1984.

After a long hiatus, it appears that this monthly cost index will soon again be reporting rate changes for both segments of **spot tv**. The data, however, will not relate to the base year 1977. Additional stations were added to BAR'S (Broadcast Advertisers Reports) Spot TV Service in 1984 for which comparable data for earlier years are not available. The new service better reflects the smaller stations in the universe.

For much the same reason, the monthly report on **network radio** will drop from the charts. Here again more networks have been added by BAR to the original three which have been the base for many years. Until comparable period-over-period data are available, this media segment will go unreported.

MEDIA COST INDEX (continued)

Black bars index for 1984; color bars 1985; base year 1977



Source: Radio Expenditure Reports

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Spot TV—prime and daytime—Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National supplements estimate based on published (rate cards) costs of a page, four-color in 40 national supplements.

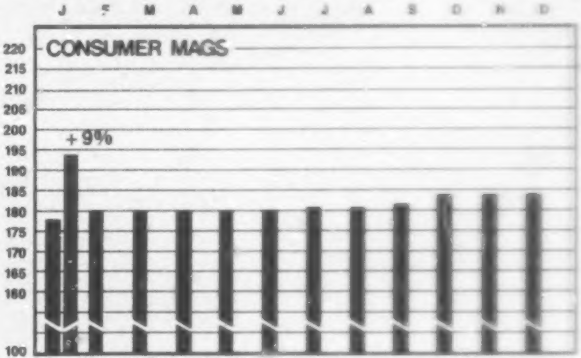
Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

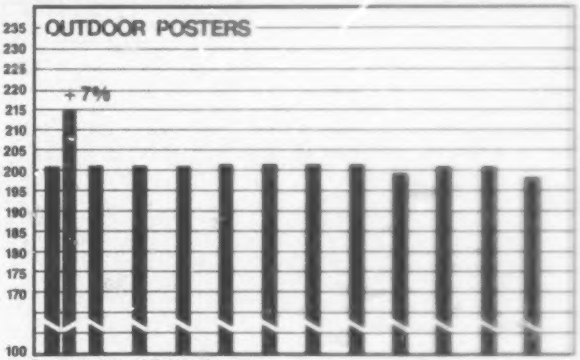
Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

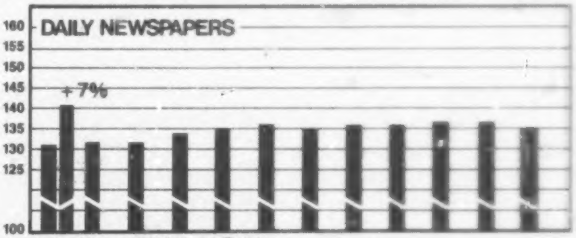
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.



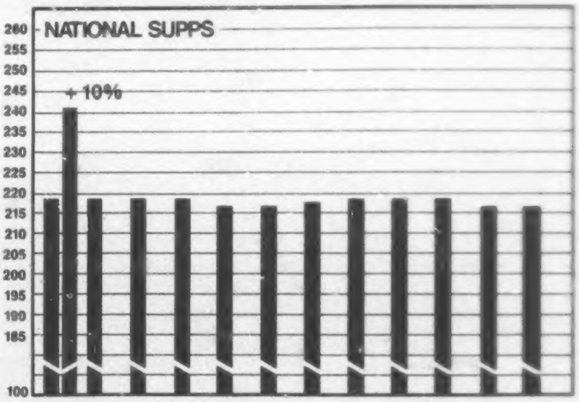
Source: Magazine Publishers Assn.



Source: Institute of Outdoor Advertising



Source: Newspaper Advertising Bureau



Source: Marketing & Media Decisions

J F M A M J J A S O N D

MARKETING CHICKEN:

Continued from page 84.

cases of oversupply, for example, brought on when the prospect of high profits induces a producer to bring more birds than usual to market, the retailer will make a deal to take them off the supplier's hands . . . at a loss. Chicken is also a favored loss-leader — better than steak. Once a producer supplies a chain, he has to hold it. If a competitor offers to undercut him, the supermarket buyer may consider switching brands.

To make matters worse, not all regions have the same buying patterns. Sure, just about everyone eats chicken, and more of it than ever before. But not everyone buys the product in the same form, from the same types of outlets. Certain areas, such as the Northeast, favor the higher-priced branded products, and even have an affinity for premium-priced chicken, the market Perdue caters to. But other areas stubbornly resist brands. The supermarket chains want to react to these tastes on a market-by-market basis.

But the emergence of branded chicken, and the marketing opportunities it affords, may be setting a precedent for the beleaguered beef industry.

The Northeast is definitely breast territory; the Southeast likes dark meat.

"I don't really understand why the beef packers haven't tried to create brands," muses Kroger's Parker. "After all, they said it couldn't be done with chicken." He adds that, within the year, he expects to see "some packer" try, possibly Iowa Beef Packers, the nation's largest beef packer. Not everyone is as convinced as Kroger's that this is the way to go, including the Beef Industry Council. Jim Olson, the Council's director of promotion, points to the generic campaign that has been running for the past eighteen months. "We're trying to solidify our number-one position," he says, though acknowledging that the margin has slipped, to little more than 78 pounds per capita this year.

Hand in hand with a trade effort directed to dieticians and "health care professionals," the Council is also targeting upscale adults between 25 and 54, with incomes over $30,000, who have children in the home. They are light users. The heaviest consumption of beef remains in the Midwest and South, among blue-collar workers. "The Northeast," sighs Olson, "has been a problem for us." Olson believes that advertising beef itself as a brand has more merit than marketing higher-margin, more easily branded products such as processed beef. Instead, he points to such beef-dependent institutions as McDonald's which, aware of health concerns, has been testing a "light" Mac. Nonetheless, he adds sadly, "I don't think we'll ever get back to raw consumption figures like in 1976," when beef consumption peaked at 94.4 pounds per capita.

Laura Konrad Jereski

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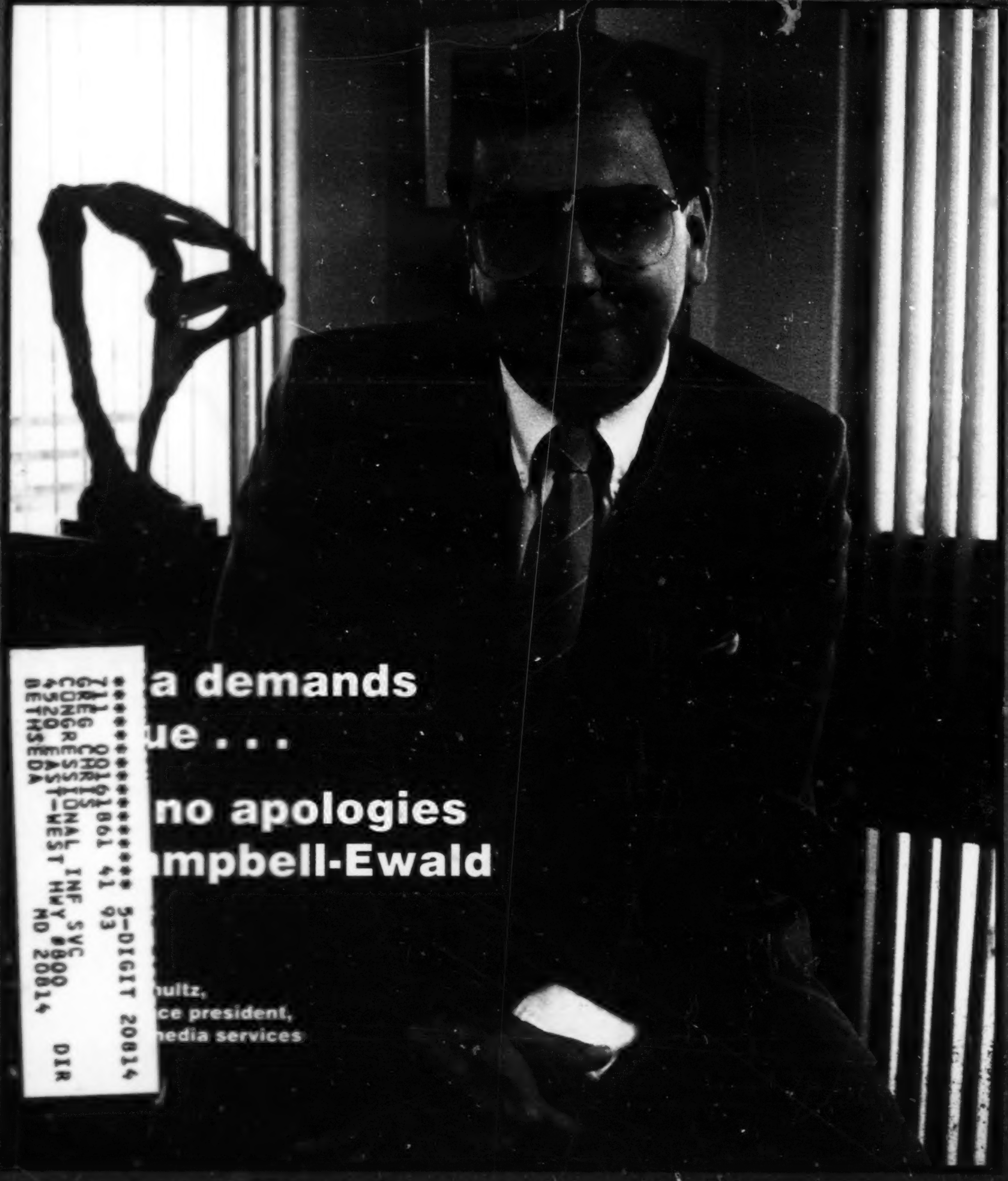
NEWSPAPER BRAND LEADERS



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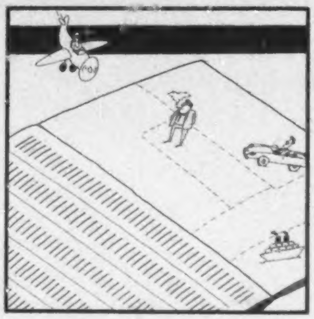

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UPDATE

1 – RAB's "Top 10" Radio Agencies for 1984
(Based on % of billings spent on radio)

1984 Rank	Agency	Radio Billings (Millions)	Radio Percent	1983 Rank
1.	Tracy-Locke	$48.0	20.0	5
2.	Evans Communications	20.0	19.2	—
3.	W. B. Doner	30.4	17.0	3
4.	Rumrill-Hoyt	20.7	17.0	—
5.	Ross Roy	40.3	16.0	2
6.	Bozell & Jacobs	92.4	14.0	4
7.	Jordan, Case, McGrath	19.8	12.0	10
8.	Ketchum Communications	41.8	11.0	—
9.	D'Arcy MacManus Masius	78.4	11.0	6
10.	Leber Katz	30.7	11.0	9

2 – 1984 Radio Billings by Dollar Volume

	Agency	Radio Billings (Millions)	Radio Percent
1.	BBDO	$142.3	9.0%
2.	Foote, Cone & Belding	112.6	8.5
3.	Young & Rubicam	99.1	4.6
4.	Bozell & Jacobs	92.4	14.0
5.	Ted Bates	80.7	4.6
6.	D'Arcy MacManus Masius	78.4	11.0
7.	J. Walter Thompson	62.6	4.3
8.	Ogilvy & Mather	54.1	3.0
9.	NW Ayer	52.9	8.1
10.	Tracy-Locke	48.0	20.0

Radio's Top 10

The Radio Advertising Bureau has identified the Top 10 radio ad agencies, based on those agencies posting the highest percentage of media dispersements to radio. (See *Radio: Special Report*, April, 1985, page 83.)

Tracy-Locke led the pack, allocating $48 million or 20% of its clients' dollars to radio. The agency increased its percentage of radio billings 5.2% from 14.8% in 1983, moving from fifth to first place among U.S. agencies with billings of $100 million or more.

Altogether, the top 10 ad agencies billed $823.1 million and accounted for 55.9% of radio's national revenues. Appearing for the second consecutive year on RAB's Top 10 list are W.B. Doner; Ross Roy; Bozell & Jacobs; Jordan, Case, McGrath; D'Arcy MacManus Masius; and Leber Katz.

Combined network share drops 4%

According to the just-released 1985 Nielsen Report on tv, 64% of U.S. households can now choose from nine or more channels, up from 8% in 1964. And because of that, it's not surprising that in 1984 the networks' share of audience slipped further.

In non-cable homes, Nielsen reports that the combined network share of the primetime audience dropped to 85%, down from 89% of the previous year. In pay cable households, the network share dropped to 64% from 67% and in basic cable homes network share dropped to 74% from 76%.

On the up side, Nielsen reports that tv households viewed an average of seven hours and eight minutes a day during the 1983-84 tv season, a 13-minute increase over the 1982-83 season.

In July, Nielsen's arch-rival Arbitron will unveil its analysis of the past tv season, promising to provide audience summaries of the 46 specials and miniseries that aired last year. In the meantime, Arbitron has provided its list of the top 10 specials for the year, according to the February, May, July, and November 1984 sweeps.

Continued on page 28

Rank	Program	Network	Household Rating**	Survey
1.	Grammy Awards 26th Annual Show	CBS	32 (21)	February
2.	Master of the Game*	CBS	27	February
3.	Ellis Island*	CBS	21	November
	Miss USA Pageant	CBS	21 (24)	May
5.	Country Music Awards	NBC	18 (19)	May
6.	Last Days of Pompeii*	ABC	17	May
	Life's Most Embarrassing Moments	ABC	17 (24)	May
	Tonight Show Comedians	NBC	17	November
9.	Country Comes Home	CBS	16	February
	Macy's Thanksgiving Day Parade	NBC	16 (16)	November
	Bob Hope from Hawaii	NBC	16 (16)	February
	Bob Hope Birthday Bash	NBC	16 (25)	May

* This is the average rating for all episodes of the miniseries.

** The Household Rating is the percent of all US TV households (85,061,100) that viewed the program. 1983 ratings for the same program are given in parenthesis.

NEW IN MEDIA

(from 32)

ABC's Newspaper Fas-Fax

Newspaper circulations over the six months ending March 31 make good reading in the major markets, but with regional variations.

The center city papers in the top ten metro areas show 14 daily gains, three losses, one unchanged and one unreported. Sundays show 13 gains and three losses.

Plusses were rampant in the Sun Belt — Fort Lauderdale, Orlando, St. Petersburg, Tampa, Phoenix. On the other hand, downstate Illinois and Indiana showed smokestack losses, as did the farm states of Iowa and Kansas.

On the national front, *Wall Street Journal* dipped below the two million mark as its subscription rate pierced the $100 level. *USA Today*'s 1,162,606 average is a gain from ABC's initial 13-week audit of 1,138,030 but a loss from last March's three-month audit of 1,284,613. *New York Times*, counting its national circulation averaged over one million for the very first time. *Christian Science Monitor* rose from 148,683 to 151,122.

Some key market figures follow:.

New York *Daily News* turned its long losses into a 16,097 gain, but still lost another 40,000 Sunday. The *Post* which missed a million by just 37,000 last March, is down to 900,000 level. The *Times*, besides its 43,160 daily gain, had a 30,455 Sunday gain, much of it national, not New York market coverage.

Los Angeles-Long Beach *L.A. Times* adds 12,000 daily, 11,000 Sunday to its overwhelming lead. Tribune Corporation's *Daily News* (now all paid) continues small but steady gains. *Herald Examiner* gains 764 daily but loses 6,000 Sunday. Long Beach's ABC figures not applicable, since paper has since gone all-day. Suburban papers, notably Orange County *Register* beefed up editorial to show impressive gains.

Chicago *Tribune* and *Sun Times* both had gains, but *Tribune* expanded its daily lead by 2,000; its Sunday lead by 16,500.

Philadelphia Knight-Ridder's gain from *Bulletin*'s folding is still being chipped away. *Daily Inquirer* is down from 535,621 to 519,621. *Evening News*, which filled the evening gap, is down from 293,031 to 284,253. But Sunday shows a 3,000 gain.

Detroit In the battleground of the medium, *Free Press* cut down *News'* daily leadership from 25,843 to 20,473. But *News'* Sunday gain to *Free Press'* loss widened its lead to over 100,000.

Boston Rupert Murdoch's big *Herald* gains continue; up 43,000 daily, 33,000 Sunday. But the *Globe* keeps its daily readers; adds 10,000 more on Sunday. Result: better newspaper coverage for Boston.

Washington *Post* up 1,269 daily, but 22,961 Sunday. Reverend Moon's challenger, *Times*, gets a first ABC audit of 83,962.

Houston All-day *Chronicle* adds some 6,000 to daily and Sunday. *Post* statement not yet filed.

Denver *Rocky Mountain News* continues to lead *Post* which hasn't yet filed.

St. Louis *Post Dispatch* continues gains at expense of *Globe Democrat*. Adds another 20,000 daily; scrapes 500,000 mark Sunday. *Globe* has no figures yet; starts a Sunday edition.

Dallas *News* adds 34,000 daily, 45,000 Sunday, in contrast to *Times Herald*'s minuses (16,000 daily, 4,000 Sunday).

Cutting ABC's Newspaper Fas-Fax down to size

How newspaper circulations varied by size in the six months ending March 31, 1985

	216 papers of 100,000 circulation and over	271 papers of 50,000 to 99,999 circulation	992 papers of under 50,000 circulation
Morning Papers	61 papers — 73.77% gained 21.30% lost	81 papers — 68.3% gained 8.20% unchanged 25.8% lost	128 papers — 45.3% gained 18.0% unchanged 36.7% lost
All-day Papers	15 papers — 66.7% gained 13.3% unchanged 20.5% lost	2 papers — 50% gained 50% lost	6 papers — 16.7% gained 50.0% unchanged 33.3% lost
Evening Papers	31 papers — 32.3% gained 6.5% unchanged 61.3% lost	73 papers — 24.7% gained 13.7% unchanged 63.4% lost	471 papers — 45.4% gained 15.3% unchanged 39.3% lost
Sunday Papers	109 papers — 83.5% gained 2.8% unchanged 13.8% lost	115 papers — 69.6% gained 5.20% unchanged 25.2% lost	297* papers — 54.7% gained 12.9% unchanged 32.4% lost

Seven out of ten big metropolitan dailies are now either morning or all-day.

Of the smaller town dailies, 78% are evening papers, home-delivered after school.

Morning papers are doing best in the big cities; evening papers are doing just as well as morning in the smaller markets.

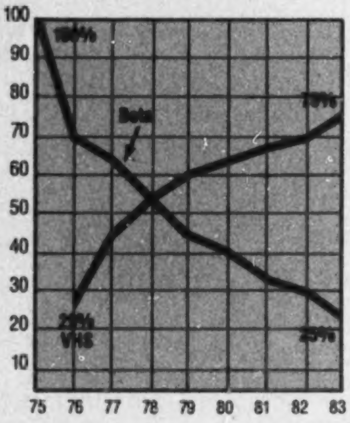
On Sundays when the metros reach far out into smaller markets, gains are biggest in big markets; losses biggest in small markets.

NEW ELECTRONIC MEDIA

Sniff this VCR

How does an unknown consumer electronics manufacturer introduce a full-function VHS video cassette recorder within the quagmire of all the other American, Japanese, Korean and Taiwanese manufacturers — and get product recognition? Well, through the most unlikely of the senses — smell.

Betamax and VHS Market Share Worldwide



Source: Communications Studies and Planning Inc.

Symphonic Corporation, the U.S. distribution arm for the Japanese Funai Electronic Corporation, has flipped over its business from audio into video with its new VCR 4007 VHS video cassette recorder. It is being introduced by public relations firm Stephen R. Brown through a two page, 4/C, scratch n' sniff, rose-scented insert. This approach is a first for the consumer electronics industry, which is now an open market for VHS manufacturers with the lifting in March of the JVC license "lock in." JVC owned the license and patent on the VHS format when it marketed in the 1970's its VidStar VHS recorder. As the main manufacturer of VCR's with the VHS format, JVC gradually offered it to other manufacturers through a licensing agreement. While BETA predominated in the 1970's, currently 75%-80% of the software is VHS applicable.

The cost of the Symbolic unit, under $300, points to what analysts anticipate as a trend toward declining price structures this year, when Taiwanese and Korean recorders are expected to hit the market. Prices for strictly play-back units could potentially hover at $99. List prices on VCR's have already been slashed 23% since 1982, to the current $490-$400 estimate (see *M&MD*, September 1984). Sales of VCR's are expected to increase at a rate of between 50%-60% in the next two years, with penetration expected to hit over 50% by 1988. Currently, penetration is about 25%.

Cable subs, audience databases up

Mediamark Research Inc.'s spring "Cable Table" notes a 5.6% increase in cable subscribers over the previous six-month tally, bringing that sub figure to 71 million, or 42.1% of the total above-18 population. MRI, which measures viewership of cable networks via a personal interview recall method and gathers average week cume data reported for the major basic and pay tv services, cites several other trends. For instance, cable subs are approaching the national norm in age, just one year younger (39.5) than the national norm of 40.5; cable subscribers tend to be wealthier — the median household income among adult cable viewers is about $30,000, vs. $27,000 for the adult population as a whole. Pay cable increased 4%, from 41,639,000 subs to 43,301,000, translating into 25.6% of the over-18 adult population. STV continues to decline, tallying up only 4.2% of the population, down from 4.6% in MRI's fall survey; in 1983, STV penetration was 4.9%.

As for audience measurement databases like MRI, their outlook is rosy. Those measurement services which provide details on viewership or readership for magazines, radio, tv and cable, are currently estimated to be worth $24.2 million and are expected to grow to $50 million by 1989. This would make for a compound annual growth rate of 16%, say Link Resource analysts.

The 11%-a-year growth in users is attributed to clients who supplement their printed reports with on-line subscriptions. Link anticipates a 5% annual price increase overall, with competition for audience measurement narrowed down to Simmons Market Research Bureau, Mediamark Research, Arbitron, and the A.C. Nielsen Co. Major distributors include Interactive Market Systems (IMS) and the Telmar Group. Smaller players in the delivery of commercial databases include Donovan Data Systems, which acquired McMillan's ill-fated start-up MPMS, and Windsor Systems Development Corporation.

As 'pay' flattens

The lack of substantial new-build growth and a flatness in multipay may result in a drop in addressable units shipments, projects analysts Paul Kagan Associates. Last year was a banner year for those units, when cable tv converter manufacturers shipped an estimated 4.3 million addressable boxes. This year that figure could drop 11%, to 3.9 million units. This is a function, say Kagan, of the slower than anticipated cabling of major cities like New York and Chicago, and fewer pay subscribers than forecast signing up for multipay services.

Computer magazines: a perspective

The computer industry is in trouble, and so are the magazines that cover it. A major blow to the specialty books has been computer advertisers' plunge into mass-circulation magazines and television.

In 1983, five million computers were sold to American households, and 1.5 million to businesses. The number of computer magazines quickly swelled to 127 — their publishers prepared to laugh all the way to the bank. The combined circulation of these magazines exceeded 12 million. *PC* magazine's November 1983 issue weighed in at close to four pounds featuring a whopping 774 pages, breaking *Vogue*'s one issue record.

But in the past two years, 59 computer magazines have gone out of business. *Vogue* has regained its record. And among those high-flying computer brands of 1983, Atari fights for survival, Commodore is in a slump, and TI has left the home computer business. The woes of the industry have reached such epidemic proportions that even such industry bulwarks as Apple and IBM have been rocked. The withdrawal of PCjr this March was a tacit acknowledgement that the pull-through advertising necessary to spawn sufficient consumer sales was even beyond giant IBM's means. Apple was forced to shutter its factories for a week — a practice usually reserved for such mature industries as automobiles and steel.

Before examining the effects the downturn has had on computer magazines, it would be appropriate to briefly review the likely causes of the industry's stagnation.

- *Usefulness:* Few manufacturers have adequately addressed the issue of the personal computer's usefulness. As long as consumers reject the need of personal computers (57% in a 1984 Dataquest study), the product's primary target will mainly consist of hobbyists and early adopters. The lack of any major product innovation has further exacerbated this situation.

1. Publication Failures by Type

Category	#	%
Business	2	3.3
Buyers Guides	3	5.1
Communications	0	0.0
Dealer/Trade	2	3.3
Education	3	5.1
General	5	8.5
Home/Youth	7	11.9
Machine Specific	28	47.5
Miscellaneous	1	1.7
Professional	1	1.7
Software	4	6.8
Technical	3	5.1
Total:	**59**	**100.0**

Source: The Micromedia Guide

- *Disposable income:* In recent years, strong competition from other leisure time activities have put a crimp on the funds available for personal computers. A recent study by Software Access suggests that most Apple Macintosh personal computers are purchased by Yuppies. This young, upscale, professional/managerial market segment is also responsible for the boom in video cassette recorder sales and European travel.

- *Market saturation:* Since the majority of personal computer buyers are hobbyists and early adopters, saturation has occured more rapidly than expected. Research data from MRI shows that 20 million American adults are considered to be super innovators. The total installed base of personal computers in homes and offices already exceeds 18 million.

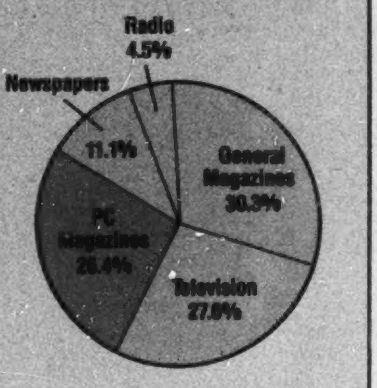
- *Marketing inefficiency:* Computer advertisers' forays into mass-circulation magazines and television carries a penalty: Since most households (80%) today either lack a computer owner or user, the inefficiency of mass-marketing has negatively affected the return-on-investment efficiencies at many companies. Although mass media will remain popular with many computer marketers, the bottom line will dictate another approach for 1985.

Magazine failures

A breakout of the 59 computer magazines that have either ceased publication or merged since the beginning of 1984 is shown in Chart 1.

Clearly, a pattern can be discerned with nearly half of the failures coming from the machine-specific area. This computer magazine sub-segment lost such publications as *Color Computer* (for Radio Shack), *Commander* (Commodore), *PC Consumer* (IBM), *Softalk*

2. Computer Advertising Spending Share



Source: 1985 Marketing Technology

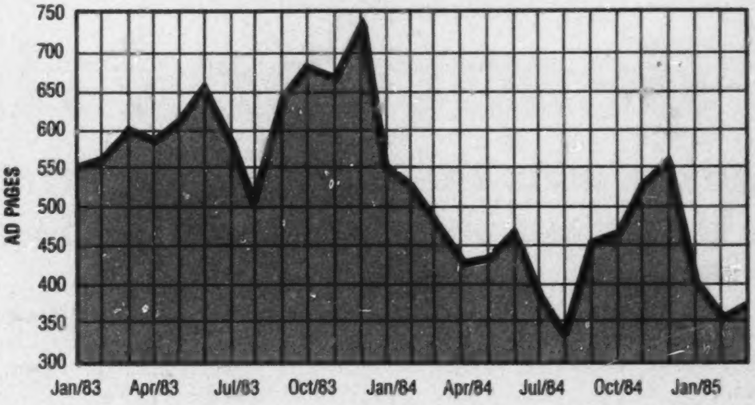
(Apple), and *Smart* (Coleco). The spectrum of these machine-specific titles cover the gamut, so one must conclude that editorially targeting the right computer is not the only necessary ingredient for a successful machine-specific magazine.

Indicative of the difficulty of latching on to the right computer is the example of the publishers of PCjr magazines. The overwhelming acceptance of the IBM PC was thought to have assured the success of the PCjr. At the product's introduction, four publishers immediately jumped on the PCjr bandwagon with magazines aimed at owners of the new computer. A fifth publication, *PC World*, chose a more conservative route by publishing a special PCjr insert. The demise of the PCjr has not affected the publishing schedule of the *PCjr World* insert — the only surviving source for information about this computer. According to Cheryl Woodard, associate publisher of *PC World:* "The demise [of PCjr] is not a deathblow to the home industry."

Yet in spite of these difficulties, many publishers continue to gamble on the newer computers by churning out machine-specific publications. Two new Macintosh magazines debuted recently: *Macazine* and *Mac User*. Felix Dennis, publisher of *Mac User*, feels there is still room for a high-quality Macintosh magazine with a lower CPM. Aimed at the fewer than 300,000 Macintosh owners, circulation departments of these magazines have their work cut out. Some of the other recent introductions, however, are more esoteric: *ATTAGE* is a new publication for AT&T's computers, while *Data General World* claims to reach owners of namesake PCs.

Two other computer magazine subsegments that claimed a large number of victims were those published for the home arena and software-only magazines. The exodus of the home market is characterized by *Popular Computing*'s recent changes. Effective with the June issue, *Popular Computing* will cease to cover home and educational computing. "*Popular Computing*'s reader has moved from being a novice/intermediate to primarily an intermediate user," says *Popular Computing*'s advertising/sales director, William Boyle. "As the market evolves, *Popular Computing* evolves with it." Reflecting this new positioning is a complete graphic redesign and a new subtitle: "Improving Productivity for Managers and Professionals."

3. Advertising Trend
Selected Magazines 1983-1985



Source: 1985 Adscope

Less laconic was Bob Lydon in his announcement of *Personal Software*'s demise: a 12-page letter placed much of the blame for *Personal Software*'s closing on the failure of the home market to develop. Retorts Shirrel Rhoades, publisher of *Family Computing:* "The use of computers at home is not going away. The market is being driven from business and education. New needs just have to be developed." Although some publication failures can be blamed on problems that plague every business — such as underfinancing, mismanagement and poor marketing — the primary reason computer magazines have ceased to thrive is twofold:

- Computer advertisers have taken to mass magazines and television with a vengeance. Chart 2 shows that the computer magazine budgets made up 26% of total ad spending. The remaining 74% was spent in mass media.
- A large number of Chapter 11s have rocked the computer industry, taking their toll on total advertising spending and also eroding the confidence of the remaining companies.

Yet there are some bright spots in computer magazine publishing. Lotus Development recently launched *Lotus* magazine, seeking to challenge the established business magazines — a field that is rapidly becoming overcrowded. According to publisher Dan McMillan, "Much of the advertising came from smaller companies who are less apt to have layers of management needing to review new magazines."

The myriad of small companies that spring up to sell add-ons to existing products point to another traditional strength of computer publishing: mail-order advertising. In fact, mail-order advertising may become the backbone of most computer magazines, now that the effectiveness of the computer retail system is increasingly being challenged.

Distribution problems are most acute for software companies, who find themselves caught in a Catch-22 situation: Computer retailers will not carry products that are not successful, but to be successful a product must have wide distribution. In a recent editorial entitled, "Retailer Sclerosis," James Fawcette, editorial director of *Infoworld,*, likened computer retail stores to "clogged arteries, stifling the flow of computer products and information to computer users."

Given this industry attitude, one can expect more software companies to take their wares to the consumer directly, thereby circumventing the retail clog. Reese Musgrave, publisher of *Computer + Software News* remains skeptical, however: "Retailing is as old as free enterprise and it functions very effectively in many fields including computer hardware and software." Adds Kenneth Cron, publisher of *Computer Retail News:* "Computer retailers are simply caught in a transitional period."

4. First Quarter Comparison 84-85

Publication	1984	1985	Change
A+	228	351	+54%
Business Computer Systems	293	226	−23%
Byte	940	850	−10%
Classroom Computer Learning	104	47	−55%
Compute	297	175	−41%
Compute's Gazette	269	235	−13%
Computing For Business	123	97	−21%
Creative Computing	423	267	−37%
Family Computing	165	149	−10%
Incider	283	166	−41%
InfoWorld	577	390	−32%
MacWorld	21	262	(1)
Nibble	185	153	−17%
PC	1270	998	−21%
PC Tech Journal	365	318	−13%
PC Week	136	1013	(2)
PC World	643	511	−21%
Personal Computing	427	480	+12%
Popular Computing	334	237	−29%
Run	210	198	−6%
80 Micro	380	220	−42%
		Overall Decline:	−19%

(1) MacWorld published only 1 issue in Q1 84.
(2) PC Week published 5 issues in Q1 84.

Source: 1985 Adscope

Advertising performance

One of the major problems facing computer magazine publishers today is how to convince advertisers that computer magazines reach the core audience of computer buyers — or heavy users to use consumer marketing parlance. The magnitude of this problem becomes clear when one considers that although computer magazine advertising totaled $266 million in 1984, according to *Adscope*, this outlay is only good enough for third place among media spending. In first place are general magazines — registering the largest percentage increase in computer advertising revenues, according to PIB: a jump from $130 million in 1983 to $305 million in 1984. Meanwhile, network and spot television expenditure data supplied by TvB indicate that computer advertising increased 42% in 1984 to $278 million.

Yet while these media expenditures raised total personal computer advertising spending to over $1 billion dollars in 1984 — placing the category in fourth place behind foods, automotive, and cosmetics — ad spending is expected to level off this year. The slide in advertising started in January 1984 and shows no signs of abating. Chart 3 (see page 71) shows the combined advertising page trend of *Compute, Creative Computing, Personal Computing* and *Popular Computing* for the period of 1983 through March 1985. Since advertising rates rose significantly in 1984, the plunge in ad pages was not felt that much by most publishers. This year, however, rates have stabilized in the face of a weaker market, making the impact of lost ad pages much more evident (see Chart 4).

5. Top Five Ranking Publications in Advertising First Quarter 1985

Publication	Adv. Pages	Revenues (000)
PC Week	1,013	$6,512.3
PC Magazine	998	7,697.8
Byte	850	7,542.6
PC World	511	4,393.2
Personal Computing	480	5,790.0

Source: 1985 Adscope

Not all computer magazines have performed poorly; publications such as *PC Week* lead the stellar performers (see Chart 5).

Publisher Scott Briggs claims that *PC Week*'s success is due to a change in the marketplace: "Emphasis has shifted to the volume buyer. The successful retailers are those who have an outside sales force to call on these volume buyers."

Circulation stall

As the early distant warning of the industry, the health and welfare of computer magazines is a direct reflection of any surfacing trends. One of the first indications that personal computer makers were not gaining new customers was reflected in the downward circulation trend of many computer magazines. An analysis in Chart 6 (see page 188) of the Audit Bureau of Circulations statements of *Compute, Personal Computing* and *Popular Computing* for the last two years shows this trend. With most of their dynamic growth behind them, computer magazines can only expect moderate readership gains in the next few years. Any significant expansion will be achieved by mergers or buyouts.

The future

More computer magazines are certain to fail in the coming years. Although it is speculative at this point, most of these failures will continue to

Continued on page 188

Restoring Jaguar's roar

The luxury automobile has overcome a serious image problem that had devastated U.S. Jaguar sales. But through an effective quality assurance program, well-timed new model introductions and a pinpointed advertising campaign, Jaguar's getting its pounce back.

Beautiful, glinting, haughty Jaguars lined Robert Atanasov's Whitehouse Station dealership in New Jersey. But the sight didn't make Atanasov or his customers happy. Instead of kicking the car's tires in appreciation, they were giving them the boot in frustration. For most of the magnificent machines were parked at the repair bay, waiting for an overbooked, overworked mechanic to bring them to life once again. As Atanasov remembers it, at least one-third of the Jaguars in for service were in such poor shape that they came via tow truck. The life of a Jaguar owner — or dealer — has not always been a happy one.

Nothing could be quite so damaging, particularly for a high-priced item like a sleekly designed Jag, than a poor reputation for durability. But Jaguar had such a poor image back in the 1970's and early 1980's that it was often the butt of cocktail party jokes — at least in those communities that clinked crystal. There were tales of how new Jaguars, despite their $30,000 price tags, didn't make it home from the showroom without breaking down, and yarns about the pitiful Jaguar buyer who needed one to drive while the other was in the shop.

Not enjoying the bellylaugh was the Jaguar purchaser — more likely than not a sophisticated mid-40's male with a college degree and an income exceeding $100,000. This person liked a joke, but not if it was on him. By 1980, the number who would risk spending a lavish sum on an elegant machine that couldn't perform had dwindled to under 3,000 — half of 1975's purchaser level.

Making matters even worse for the company was that the luxury car segment — particularly sales of foreign-built autos — was booming. Mercedes and BMW's were becoming practically *de rigeur* in certain upper-crust enclaves. Jaguar was getting locked out of a hot car market.

Finally Jaguar, which had not even had "the nerve to count defects per car," according to Mike Dale, vice president of marketing and sales for the company, began accepting the fault and the responsibility for righting what went wrong the last decade.

Today, Jaguar is determined to correct its disastrous marketing problem. The company has made extensive managerial and production changes to ensure better quality. It is well on its way to introducing several new models, including a new luxury sedan to replace the popular XJ-6; shifting its dealerships; using a targeted advertising campaign and plotting follow-up research to mend its image.

Surprisingly, Jaguar is making progress in what many consider the most difficult challenge of all: changing negative opinion into positive. Sales have shot up by a multiplier of six to reach over 18,000 vehicles sold during 1984, and first quarter '85 sales have climbed another 10%, setting a record for the three-month period. Improved quality is a big reason for the gain. Dale recounts how warranty costs for faulty parts have been trimmed by two-thirds since 1980 — without tightening up the eligibility parameters of the guarantee. Dealer Atanasov reports he has far fewer cars in for repairs, though more Jaguars are on the road. *Car and Driver*, normally one of the automotive industry's harsher critics, is now saying some positively nice things about Jaguar. Mercedes is bringing out a car this fall to meet Jaguar head-on, while Hans Bartels, vice president of marketing for BMW, allows that the British automaker has made "major headway in product quality and customer satisfaction," key ingredients for success in the luxury car market.

Graham W. Whitehead, president of Jaguar Cars Inc., gives much of the credit for Jaguar's improving fortunes to John Egan, who became the company's chairman and ceo in 1980, with an ultimatum to "make the company return to profitability or close it . . . no in-betweens." The position had been vacant for five years until Egan, who had run parts operations at Massey-Ferguson and British Leyland, came on board. "Lee Iacocca is Britain's Egan," boasts Dale, who believes his boss's "convincing leadership style helped release the energies of the company."

Certainly Egan had, and has, his work cut out for him. The first thing the 45-year-old ceo had to do was straighten out Jaguar's complicated internal organization. Jaguar's image had sunk following the 1972 merger of its separate corporate identity into then-parent, British Leyland, the maker of the Triumph and Rover cars. Ostensibly, the reason for the combination was to build the image of the parent by capitalizing on Jaguar's strong demand and high quality pedigree. But British Leyland soon began applying mass production techniques to the production of Jaguars. The jewel in the crown began to slip at the same time losses mounted in other divisions. By 1975, British Leyland had to be rescued by a government takeover. With Jaguar's skilled workforce reduced to turning out cars from "Leyland Cars large assembly plant number one," instead of its own specialized facility, pride took a back seat, tells Dale.

There were tales of how new Jaguars, despite $30,000 price tags, didn't make it home from the showroom.

Therefore, one of Egan's first moves was to reestablish Jaguar Cars as a single entity, complete with its own sales, marketing and production functions. Those moves were followed in 1983 by a broad British Government aim to sell off many state-owned assets. Last summer, Jaguar finally emerged as a privately owned company.

But the first outward sign of a turnaround occurred when Egan, better able to control Jaguar's destiny, mandated that new models roll off the production line in time for the big fall selling push, rather than slipping months behind, as was common during the late 70's.

"In the fall of 1980, the 1981 cars arrived in the United States in October, *on time*," Whitehead emphasizes. "We haven't missed an introduction date since," he adds.

But turning around Jaguar "involved the need for improving quality first and foremost," continues Whitehead. "Market research told us that there were plenty of Jaguar prospects just waiting for the opportunity to buy a Jaguar that was reliable. Dealers told the company that they could sell Jaguar if they were well made and in dependable supply," he relates.

Intent on ensuring Jaguar's renaissance, a confident Egan initiated an ongoing customer survey program with hundreds of Jaguar purchasers and competitive car owners to learn their experiences and complaints. The replies were correlated with company warranty statistics. As many as 150 product flaws were uncovered, ranging from faulty window switches to engine misfires. With nearly 60% of the defects attributable to suppliers, Egan told the manufacturers they would have to make good on their component failures and warranty costs. If they balked, Egan switched suppliers. In 1980, only 8% of Jaguar's parts were bought from non-U.K. sources. That figure currently stands at 19%.

Tracking sales of luxury cars

	1984	% Change	1983	% Change	1982
Cadillac	[illegible]0,017	+ 6.0%	300,337	+ [illegible]%	240,[illegible]
Lincoln	151,478	+ 49.1	101,574	+ 9.1	93,068
Volvo	97,018	+ 11.7	87,082	+ 22.6	71,068
Mercedes	76,081	+ 7.7	70,633	+ 13.0	62,494
Audi	70,220	+ 46.9	48,005	+ 3.1	45,536
BMW	60,000	+ 20.6	58,080	+ 13.6	50,684
Saab	32,708	+ 26.6	25,833	+ 41.7	18,229
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rolls Royce	1100	—	—	—	—

Source: J.D. Power & Assocs.

But there needed to be more than supplier changes. Egan set up dozens of multi-disciplinary task forces responsible for analyzing and solving the product flaws. The board of directors worked with the 12 worst problem areas, including the car's notorious poor starts during cold weather. In pursuit of greater involvement from the workers in monitoring quality, Egan established quality circles, a Japanese management technique. Now workers audit and grade cars at several intervals along the production route, from examining the integrity of parts on their arrival to the responsibility for pulling cars off the assembly line if workmanship seems less than perfect. Dealers also got into the act. Faulty parts uncovered during repair jobs were sent to the factory in order to pinpoint and rectify the cause of the problem.

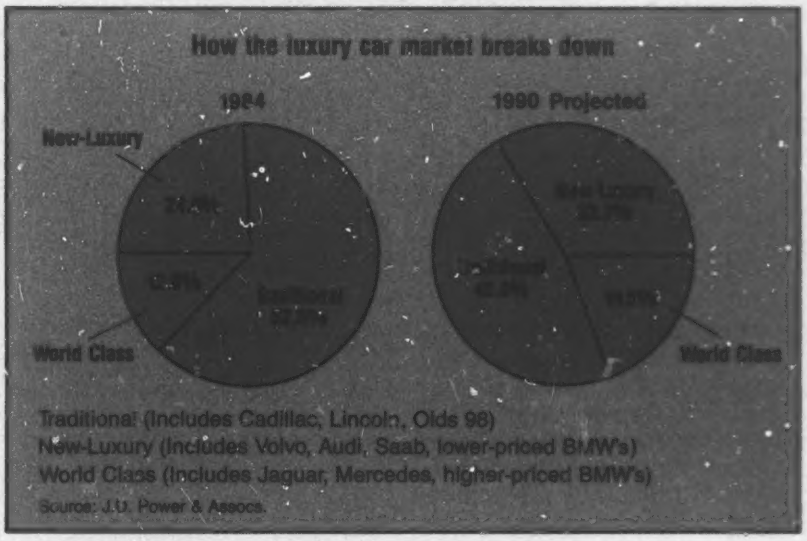
As the number of Jag owners began to inch upward — from a dismal 3,000 in 1980 to 4,688 in 1981 — the company intensified its efforts to keep new buyers content. Jaguar put into action a quality tracking study which surveys some 200 car buyers one month after their purchase. Follow-up calls are initiated on a regular schedule, every eight months, then 18, 32 and finally 35 months after purchase. Once a year, Jaguar does the same type of customer research with recent purchasers of competitor cars. "It impresses customers and helps us to identify potential problems," says Dale. The program also goes a long way toward ending the cocktail party conversation working against Jaguar, he relates. "Imagine some guy at a party talking about how the company called him just to find out if he was satisfied with his new car," he says.

Jaguar's efforts to convince the public to try it again seems to be working. *Car and Driver's* editor-at-large, Patrick Bedard, practically gushes with enthusiasm over Jaguar's "return from the grave." Says he: "The car behaves fully as nicely as it looks. I think that the car that consumers wanted to love but couldn't is back, and the consumer is exonerated."

It may not be love yet, but deep affection may be apt in describing how consumers view Jaguar. In marketing and research consultant J.D. Power's customer satisfaction index, consumers ranked Jaguar second highest among the European makes, following only Mercedes-Benz, which was rated first place. This annual survey of buyers is conducted 12 to 14 months after the purchase of a domestic or imported car. In achieving an overall rank of six, Jaguar placed above BMW and Porsche, and well above Cadillac. That is strong progress from Jaguar's previous spotting. In the previous year's study, Jaguar scored only 101, one point above the industry average index based on 100.

A crucial part of Jaguar's campaign to change the market's perception of it has been an image campaign from ad agency Bozell & Jacobs touting the headline, "the best Jaguars ever built." Such a boast departed dramatically from past advertising emphasizing the car's beautiful styling, recalls Tim O'Leary, senior vice president and account supervisor at B&J, which has had the account since 1970.

How the luxury car market breaks down



Traditional (Includes Cadillac, Lincoln, Olds 98)
New-Luxury (Includes Volvo, Audi, Saab, lower-priced BMW's)
World Class (Includes Jaguar, Mercedes, higher-priced BMW's)

Source: J.D. Power & Assocs.

Jaguar took a risk by advertising quality to a skeptical public. But ad manager Alan Taylor notes the gamble was offset by timing the campaign to coincide with the 1980 introduction of a modernized and improved XJ-6 sedan — its most popular model. The new car, equipped with fuel injection and electronic ignition, went a long way toward solving the car's poor performance in cold weather. Instinct and experience also led Taylor to opt for the positive ad approach. "We knew of another well-known importer that had quality problems and subsequently, a sales slide. When they got the problems fixed, they broke an ad campaign saying 'trust us, it's ok now.' But that just wasn't forceful enough," explains Taylor.

Jaguar's image ads broke with double-page spreads in several national magazines. Following the new sedan's introduction, Jaguar reverted to single page ads but continued to pelt the public with word of the car's improved performance. When Jaguar demonstrated faith in the product by introducing in 1982 a three-year, 36,000 mile warranty on all parts, the advertising hammered home the point.

Gaining confidence, Jaguar next attempted to regain its unique market position against competitive luxury cars. Unearthing a copy line that hadn't been used since the mid-70's, Jaguar and its agency began tagging each ad with "a blending of art and machine." The posture helped to distinguish Jaguar from Mercedes, which emphasizes quality engineering and BMW, which stresses performance, notes Bozell & Jacobs' O'Leary.

Although Jaguar's estimated annual ad budget of $5 million is relatively small (Mercedes spends $13 million; BMW, $10 million; and Cadillac, $15 million yearly), the campaign continues to work hard and effectively. O'Leary points out that Jaguar ads score well on Starch awareness tests, ranking consistently among the top automotive advertisers.

To reach its target audience of men, aged 35-64, with individual incomes of

$75,000 or more per year, Jaguar buys a number of fairly predictable upscale lifestyle magazines such as *Architectural Digest*, *Town & Country* and *Travel & Leisure*. Special interest sporting publications including *Golf Digest* and *Tennis* also make the list, rounded out by demographic editions of the newsweeklies and a host of national business magazines.

The national advertising campaign is supplemented by a substantial cooperative ad program with Jaguar dealers for approximately one-third the total budget. Dealers favor spot television geared to early and late news as well as upscale-oriented sports, but also turn to outdoor. That medium is used in West Coast markets, for instance.

Jaguar's competitors are respectful and a bit fearful of its improvement. Says Cadillac's director of marketing, Gordon Horsburgh: "Without question, they are fixing a lot of their quality problems." He adds hastily that the traditional luxury car maker is bringing out a new Cadillac in 1987 that will be positioned against two of Jaguar's strong suits: performance and status.

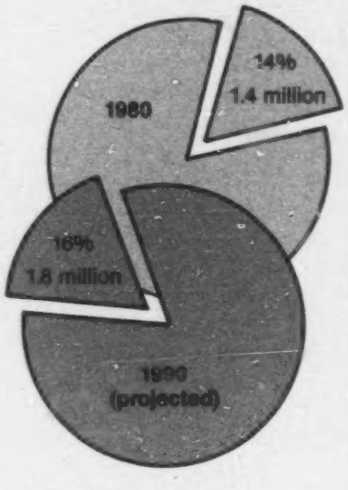
Mercedes, too, is mindful of Jaguar's rapid gains. "Jaguar has staged a remarkable turnaround based essentially on improvement in quality," notes Hans Jordan, vice president of marketing. And just to make sure it retains its competitive edge, Mercedes is unveiling in the fall a newly styled car in the $30,000 price category. "It's designed to look more stylish and it could be a competitive position against Jaguar," he adds.

If this were not enough for Jaguar to ponder, competitor BMW also is trying to take a stab at the British car maker's new-found pride. Hans Bartel has announced that BMW will soon implement a Jaguar-like quality assurance project including periodic calls to customers for feedback.

Even if the competition does squeeze harder, Jaguar, if it continues its quality upkeep program, may still find itself in fine shape. Automotive analyst John H. Hammond of Data Resources Inc. notes that the luxury car segment has "tremendous long-term growth potential because of the number of households who, through dual incomes, can increasingly afford expensive cars."

Sales of luxury cars, meanwhile, continue to proceed at a far more rapid clip than the overall average. Last year, new car sales spurted ahead 11%, but the luxury car segment fired up to a 14% growth rate. But bypassing both performances was the sub-segment of the luxury class which Jaguar competes in. According to J.D. Power, the "World Class" ultra-luxury category grew by 17% last year. In addition, Power is predicting that luxury cars will continue to gain a greater share of the market, moving up from their current 14% of total car sales to a 16% share by 1990. The good news for Jaguar and its competitors is that the most rapid growth will occur in the highly profitable ultra-luxury category. Currently, world class cars only account for 12.6% of the total luxury segment, but are expected to mushroom to 19.5% by 1990, a 36% increase.

Luxury cars' share of total auto sales



Source: J.D. Power & Assocs.

Jaguar's potential growth, however, is not boundless. Without substantial investment in further factory capacity, it can't hope to sell more than 30,000 vehicles in the U.S. By comparison, Mercedes last year sold 76,000 cars here and BMW, another 68,000.

In addition, Jaguar doesn't have a full line of cars, such as the nine different models Mercedes imports or the family of BMW series cars. Jaguar currently fields only two models in the U.S.

New models are not viewed casually at Jaguar, but several updates, including styling and technological modernizing, will soon be coming to shore. This fall, Jaguar is bringing out a cabriolet (convertible-sunroof) version of the XJ-S, its 12-cylinder grand touring car selling for $36,000. To boost sales of the pricy XJ-S from 3,600 of the total 18,000, Jaguar intends to launch in the spring a six-cylinder XJ-S. The new six-cylinder engine, only Jaguar's third since World War II, won't match the V-12's top speed of 142 miles per hour, but will be more economical to operate. It will also give Jaguar another selling point: a stick-shift model. Still under wraps is the XJ-40, a new downsized luxury sedan which will incorporate the new engine and replace the popular $32,000 XJ-6 sedan. Over 100 of the XJ-40's are being tested under rigorous conditions, but no launch date has been set, according to Dale.

Jaguar is slow to introduce either new technology or styling. The caution is understandable. The XJ-40 will replace technology from the '60's, engineering that is so highly regarded that *Car and Driver* recently singled Jaguar out for building one of the 10 best engines ever built. The XJ-40's design will replace a 15-year-old mold whose alterations have been slight, like enlarged windows and a new grill. Such tinkering comes to a style that is hard to top. J.D. Power, which this spring completed a survey of customers' acceptance of several design considerations, found that Jaguar ranked first consistently against nine other luxury car makers. The Cadillac Seville ranked second, according to Power, while the Teutonic styling of the Mercedes and BMW lagged behind.

With a five-year goal of increasing current U.S. sales from 18,000 to 30,000, Jaguar is mindful of insuring its dealership is adequately prepared. Last year, Jaguar undertook a program to buy out 20% of its dealerships, shaving the number from 186 to between 155-160, according to marketing vice president Dale. The purpose is to increase the number of cars sold per dealer from the current 95 to 150, apropos of Mercedes' impressive record of between 160 to 180 annual sales per dealer. Furthermore, some dealers are being asked to relocate to areas where

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"There Ain't No Cure For the Summertime Blues"

That's the tune advertisers will be singing this summer when they're likely to be faced with another season of declining ratings for primetime fare.

The Great American Click-Off gets underway at the end of this month. Viewers overcome by a sense of ennui begin turning their television sets off to the networks' reruns and on to independent stations and cable — especially pay cable.

This situation, in existence for a long time, is finally arousing real network concern and action. The network's share of audience has been dropping steadily for the past six years, and the falloff has been twice as steep in the spring and summer as it has in the regular season. Last summer's numbers were the worst ever, convincing the nets it was time to act.

CBS, which won the 1984/85 regular season, was the first to announce it would be presenting original programing this summer. The network says it will be airing three and a half hours a week of original programing starting in August. Furthermore, the network gives the strong impression that it is putting a commitment into its four series that has generally been lacking in summer product. For one thing, CBS is prepared to make its first-run summer programing first rate — dollarwise — at least. Estimates have it that CBS will be putting $15 million into the project.

NBC wasn't ready to make announcements at press time, but says that it too will present some original summer series. ABC, evidently more worried about climbing out of third place with its fall lineup, says it will not debut any new shows during the summer months.

CBS's shows are being described as "very basic," by Harvey Shephard, senior vice president of programing, CBS Entertainment. He is using this term to differentiate these programs from the more experimental shows like *Comedy Zone* and *Filthy Rich* on CBS, or *Buffalo Bill* mounted by NBC in previous summers.

The new CBS entries are *I Had Three Wives*, a comedy/detective hour from Warner Bros.; *Hometown*, an hour comedy resembling the film *The Big Chill*, from Paramount; *One Hogan Place*, a half-hour comedy about a female assistant district attorney in Manhattan, produced in-house; and *West 57th Street*, a magazine format program from CBS News aimed at young adults.

The reasons for the new programing strategies are hardly complex. As viewers turn off the major networks' fare, they become more accustomed to tuning in other alternative viewing choices — or worst of all, nothing. The breakdown in audience loyalty, already prevalent, could become more so as new viewing options flood the scene.

The shifting media landscape naturally has advertisers and agencies reassessing their placements. To keep the balance of power as it is, the major networks, and in particular CBS, are pursuing more aggressive and expensive tactics for keeping viewers and advertisers.

Indeed, Gene Jankowski, president of the CBS Broadcast Group, says the new summer series have been designed to provide viewers with fresh programing and to "provide new opportunities for advertisers to participate in original programs in the summer months as well." He specifically cites "media competition" as a reason for the programing moves. Adds Shephard: "What we decided was that we should do something to try to shore up the [summer] ratings. We decided to produce shows that we thought could benefit from the sampling that we'd get in the summer and, if these shows worked, they could come back as midseason replacements. And beyond that, it's trying to improve the summer numbers."

Continues Shephard, "This is a departure from previous experiments server. "They both come 12 to a case." At the same time, new top management would often eradicate the predecessor's programs, implemented as little as 18 months before. The net result: Wilson drifted away from its markets, offered the wrong products for too long and alienated the industry with off-base marketing programs.

Assessments of what went wrong run the gamut. Gus Lachenauer, former senior vice president of sales at Wilson, now senior vice president of sales with Shasta Beverages, limits himself to a polite "benign neglect." But a more scathing comment comes from an industry veteran who says, "Wilson was a purgatory for Pepsi," meaning the executives Pepsi placed there were on their way somewhere else.

Yet there is much about Wilson that tantalizes. Although it has trimmed its line from 12,000 items to about 5,000, Wilson remains the largest U.S. sporting goods manufacturer. The firm competes in three basic areas: the fiercely competitive $300 million tennis market, the stable $600 million golf segment, and the fragmented team business, according to wholesale estimates based on the National Sporting Goods Association's 1984 market survey. Experts estimate that sales of tennis balls and racquets brought Wilson $57 million last year, while golf equipment contributes $78 million and team equipment such as uniforms, baseballs, and basketballs, bring in another $66 million. Foreign sales kick in an additional $36 million, and diverse operations are said to add another $10 million to the coffers. Unfortunately, say observers, many of Wilson's businesses such as tennis and golf are slow-growth areas.

But former Wilson executives and industry observers agree that, in the right hands, the company could recover its status. "The Wilson name is gold," comments Don Sonandres, executive director of the Athletic Dealers Association, a group of mid-sized retailers representing 250 stores. But whoever takes it over will have to work hard. The asking price for the company is rumored to be in the $150 million range — a reflection of full book value that some say is a little steep. Last year, the company lost $16.7 million, which came on top of a $11.2 million deficit in 1983. Say several sources, the company took a $54 million write-off for good will in 1984, as well as a restructuring charge of $12 million. "That went straight to the bottom line," the company acknowledges. But the kicker, the sources say, is a huge inventory of $100 million. "That's a lot of inventory," drawls Robert E. Carr, co-publisher of *Sporting Goods Business*, adding Wilson turns its stock barely twice a year, versus an industry average of at least three times. Says Dick Wenz, Wilson's vice president of finance, "Historically, levels have been in the $80 million range. They shot up in the fourth quarter — our lead time is long, and we planned for higher sales."

TENNIS EQUIPMENT

		units (in 000)	average price	Total (in 000)
Racquets	(1983)	3,036	$56.04	$170,147
	(1984)	2,675	$69.49	$185,886
Balls	(1983)	—	—	$122,839
	(1984)	—	—	$129,000

TENNIS RACKETS
1976-1984 CONSUMER PURCHASES
(in millions)

Year	Units	Dollars
1976	8.6	183.7
1977	8.3	174.7
1978	4.9	137.0
1979	4.1	125.4
1980	3.4	121.8
1981	3.0	131.6
1982	3.0	157.4
1983	3.0	170.1
1984	2.7	185.9

1977-79 projections based on family households; 1980-83 based on all households.

Source: 1984 Survey, National Sporting Goods Assoc.

Nevertheless, there is a crop of potentially interested buyers. Leading the pack is a unit of Wesray Corp., the New York based investment firm. The company, headed by former Treasury Secretary William E. Simon, specializes in leveraged buyouts.

Whoever purchases Wilson must realize that sporting goods marketing requires a different approach from traditional packaged goods selling. The industry is really a cluster of disparate segments — from archery to water skis — that do not compete with each other. The sports enthusiast tends to be familiar with the products and brands in his particular field. As a result, advertising isn't as important as stroking the dealers, who not only pick and choose what to stock, but influence purchases.

When the industry was dominated by a few companies, most equipment was bought through these dealers, whose ranks now number about 17,000. In the past 10 years, however, new distribution channels have opened, such as discount and department stores, mail-order houses and catalog showrooms.

The type of outlet determines the status of the supplier. "It's very difficult to be all things to all people," comments Thomas B. Doyle, director of information and research at the NSGA. But Wilson tries. The company deals with all channels, piping different products to mass market retailers and speciality outlets. Dealers, says marketing director David Lumley, get the advanced products, since more experienced players tend to shop there. The company just made a point of announcing its commitment to that market, where more of the tennis and golf business seems to be moving — especially since neither sport is attracting the volume of beginners it once had.

Wilson's strength, however, is in dealings with mass merchandisers and catalog houses. According to some estimates, the company does two-thirds of its business with such retailers. While the larger retailers are only too happy to carry such a well-recognized name, the specialized outlets where two-thirds of golf and tennis equipment dollars are spent complain that they hardly ever see anyone from Wilson.

"That's definitely been the case for the past five years," concedes Lumley. "There's no hiding from that." He notes that the dynamics of doing business at Pepsi, where the product demands intense consumer advertising, are markedly different from Wilson, where marketing operates through trade channels. "We know what to do now," he says. When Wilson restructured in late 1983, they decided that smaller dealers had to phone their orders in, rather than wait for the sales call. Wilson has been focusing its account servicing on bigger business, defends Lumley, because other manufacturers do exactly the same thing.

In the past nine months, Lumley adds, Wilson has taken great pains to change its attitude. John M. Cranor III, the former marketing executive who became Wilson's president in January, now makes a point to talk to the buff books and attend sports association meetings, according to Lumley. But old wounds heal slowly. Fred Brooks, chairman of MacGregor, a rival team sports company, says he has yet to meet a Wilson president at an annual sporting goods manufacturers' association meeting. "And I haven't missed one since 1976," he adds. Wilson's attendance record at industry trade shows is as spotty.

By the same token, while the trade wants to have its flesh pressed, it also wants to see advertising back up a company's line. Most marketers seek a balance of high profile exposures such as televised tournaments, and buff book advertising, endorsements, and retail programs. In a well-calculated program, advertising will clue the retailer how to stock up, especially when the manufacturer has an extensive line.

Sources say Wilson spent about $27 million in advertising and promotion in 1984, making it one of the largest budgets in the industry. But to many observers, that number comes as a surprise. Wilson's standoffishness toward dealers, they say, goes hand in hand with a disregard for the sports press. "They've gone from little advertising to none," charges Carr. But, points out a former senior executive, the problem isn't that clear-cut. Even though Wilson trimmed its broad product line, under president Korn, the company has more to offer than any other sporting goods company. That makes it hard to decide where to put advertising dollars.

GOLF EQUIPMENT

		units (in 000)	average price	Total (in 000)
Clubs	(1983)	10,515	$35.00	$368,025
(individual)	(1984)	10,299	$30.86	$317,827

SETS OF CLUBS

1976-1984
CONSUMER PURCHASES
(in millions)

Year	Units	Dollars
1976	12.1	239.6
1977	11.0	236.2
1978	9.1	200.7
1979	8.7	216.6
1980	7.5	194.5
1981	6.5	199.9
1982	7.8	255.7
1983	10.5	368.0
1984	10.3	317.8

1977-79 projections based on family households; 1980-83 based on all households.

Source: 1984 Survey, National Sporting Goods Assoc.

Last year, Wilson supported its tennis business with about $3 million in network television and magazines, according to Leading National Advertisers. Chief competitors Prince, a sudsidiary of Chesebrough-Pond's, and Head, part of AMF, each spent about $2.2 million — out of a category total of less than $9 million. Another $2.7 million backed the golf business, concentrating on higher margin products such as Wilson's line of metalwood clubs. Support for sports equipment brings the 1984 total to about $6 million, in line with past totals.

What about the other $21 million, then? Wilson prides itself on having "the largest professional advisory staff in sports," but such contracts, or endorsements, cost money. Wilson's roster includes a long-standing contract with Jimmy Connors and Chris Evert-Lloyd for tennis; Tom Kite, Andy Bean and Hale Irwin for golf; and football's Walter Payton, basketball's Kareem Abdul-Jabbar, baseball's George Brett, among others. The company has traditionally spent between one-third and one-fourth of its budget on endorsements. That would mean the company spent as much as $9 million of the estimated 1984 budget on endorsements. Wilson lost the NBA franchise to Spalding two years ago, because the costs got too high. "The bidding got higher than we thought economically viable," says Lumley. "There's too much money being paid out." John Horan, who writes an industry newsletter, *Sports Inc.*, adds that the value of an endorsement isn't what it once was, anyway. Not only are there too many, but athletes have less impact as role models now. "The whole industry," notes Horan, "has seen a cutback in endorsements."

Observers speculate that Wilson's promotion budget may have shot up last year as it tried various campaigns and tie-ins to unclog some of its inventories. In other aspects of the marketing plan, say observers, Wilson is in another league entirely. Take dealer incentives as an example. Other sports companies give dealers a straight percentage off the top for exceeding a certain level of orders, or perhaps another, smaller incentive for early payment. Wilson's programs, on the other hand, are so complex, say dealers, even the company's own sales force doesn't always understand them.

Roger Gundersen, vice president of institutional team marketing, attributes this reaction to a recent change in the structure of the marketing department: the addition of specialists. Where before Wilson had three people involved in developing programs for the three business lines, the company now has one in every product category — one for golf balls, another for clubs, yet a third for bags. "They're parochial about their product lines," comments Gundersen, adding that each specialist is responsible for developing his own incentive program. The result is a proliferation of complex programs. A recent program for Wilson's Jet basketball, for example, mixes rebates and percentage discounts into a six-layer program.

> **"The sporting goods industry has a history of up and down pricing. And our policy is strictly one price for all. We don't sell anything under cost."**
>
> DAVID LUMLEY
> marketing director,
> Wilson Sporting Goods

Because the discounts are so difficult for dealers to calculate, the company has been accused of selling products at different prices across the country. Such confusion fuels competitors' anger with Wilson's overall pricing. "Their answer to a problem in the market is 'cut the price,' " sniffs the chief executive of a rival company. He and others chide Wilson for abandoning its price leadership position by offering products at or below cost — instead of at a premium. "It's the old 'lose money on one item and make it up in the volume,' " says the executive. One reason other manufacturers are annoyed with Wilson is that the industry has increasingly felt competition from foreign manufacturers. Indeed, price competition in this low-margin industry has forced as much as 50% of all manufacturing offshore. Critics call for Wilson, the largest producer of tennis racquets and one of four major team suppliers, to keep prices as high as the market will bear.

These accusations make Lumley angry. "We don't sell anything under cost," he says, waving away with a single sentence tales of cut-rate baseballs collected from various industry sources. As for Wilson's overall pricing strategy, he answers hotly, "The sporting goods industry has a history of up and down pricing. And our policy is strictly one price for all."

Another management direction that may have hurt Wilson is the company's relationship with parent Pepsi. Former executives charge that Pepsi-thinking often had too great an influence on the company's direction and decision-making. Wilson executives, charge detractors, have made their product line decision with little input from the field staff or dealers. By contrast, MacGregor's Brooks is said to spend weeks every year touring the country and visiting dealers to learn marketplace needs. But Gundersen, a 30-year veteran of Wilson, says Wilson is now operating differently. "More line decisions about the products are made by middle managers now," he says.

Executive musical chairs has taken its toll in other ways. Some observers charge that the company is overstaffed. This may be the relic of an "entrepreneurial" experiment of the late 1970's, when the company was divided into three divisions (golf, tennis, and team sports), says Lumley. The sales staff has fluctuated from 180-strong to 227, to a current 143. Meanwhile, the accounting department still has 220 people.

At the same time that Wilson was indulging in structural reorganization ("We weren't the only ones," defends Lumley), the company made its most frequently cited blunder.

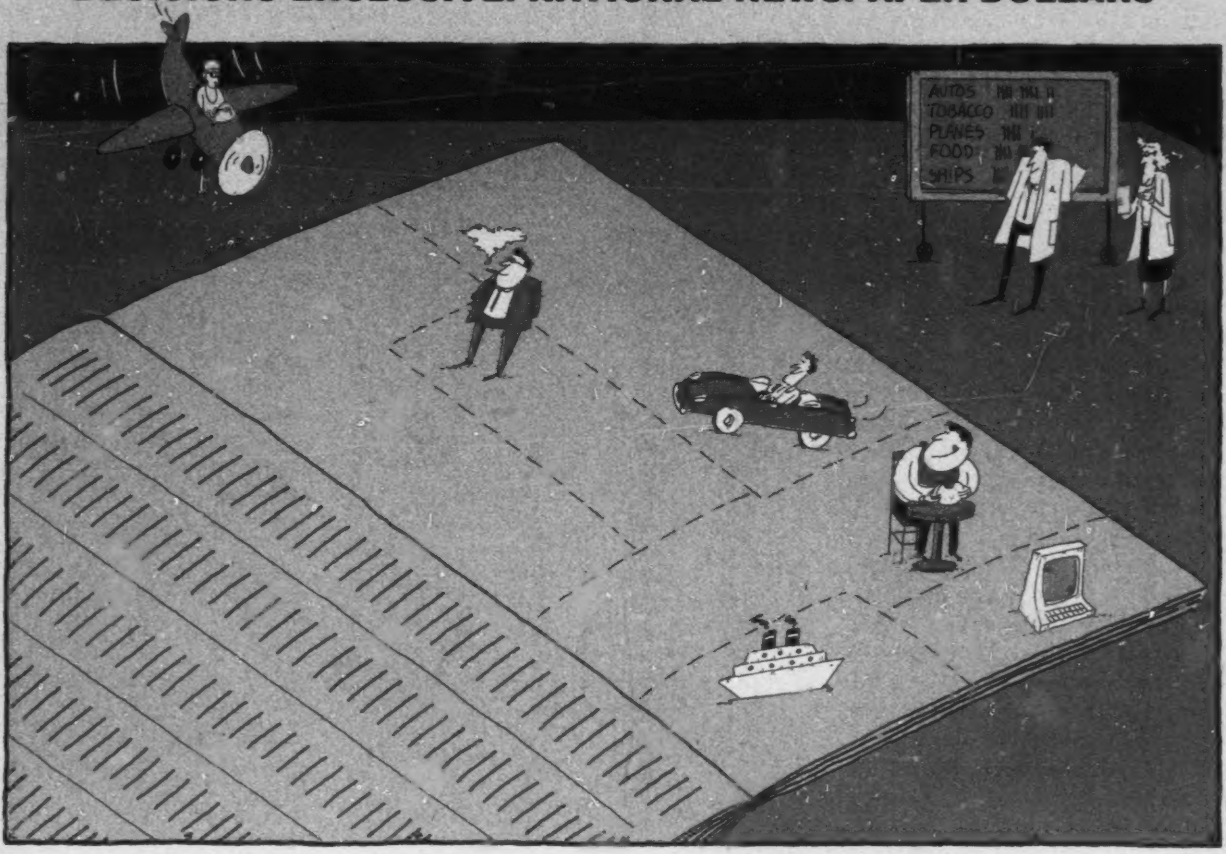
It occurred in the tennis market. American's love affair with the sport peaked in 1976, with sales of 8.6 million racquets — compared to the three million units sold in each of the last four years. That same year, Howard Head invented the oversized Prince tennis racquet. But Wilson saw only its commanding 66% share of the wood racquet business, itself 80% of the total market. And when the consumer either turned off tennis or switched to the new flexible metal racquets, Wilson continued producing its top selling Jack Kramer model and other wooden racquets.

By the time Wilson realized that category sales would never return to their $90 million peak, the company continued to hang on to its inventory, waiting for the right time to take a loss. "If you had wood racquets," quips one observer, "the best thing to do was burn them and keep warm in winter." Industry veteran Carr adds, "Wilson was calling press conferences to introduce its 7% larger ball, and giving the racquets away at the same time. It's a novel approach to writing off inventory," he laughs. The red ink poured in 1983 when the company finally closed its plant. "That started us on a downward spiral," admits Lumley. The following year Wilson dumped as much of its unpopular inventory it could in mass outlets. Still, Wilson has come back in a fashion. With its new composite and graphite racquet lineup, "Wilson is number one or two in units, depending upon what numbers you look at," says Prince's vice president of marketing, Ed Volkwein. Tennis now means a $57 million business to Wilson, of which almost $40 million is in tennis balls.

The revolving door in the executive suite has also affected product development in both funding and direction. It wasn't until 1979, for example, that Wilson introduced a licensed copy of the Prince design — long after the size issue had disappeared. Other new product introductions have fallen flat: vitamins packaged in tennis ball cans; colored golf balls, just as the golfing world was returning to white. The newest entry is a tennis ball 7% larger in diameter than the standard, but the same weight. The innovation, unacceptable to the US Tennis Association, is aimed at beginning players — of which there seem to be fewer every year. Though the industry does not seem overly excited, Gundersen contends that they are "significant innovations. They will take a while to build."

Product development priorities changed as quickly as the name on the door of the executive suite. A former executive recalls that Wilson spent between $2 million and $4 million developing a computerized home gym, only to have word come down from Pepsi that the project wasn't top-of-mind anymore. Current executives do not recall the incident. As for present efforts, Wilson has just installed a $2 million computer-assisted design system to speed up R&D.

Continued on page 186



Mark Kseniak

1984 BRAND LEADERS IN NEWSPAPERS

Newspapers ran record volumes of advertising once again in 1984, according to the Newspaper Advertising Bureau. National advertisers spent $3,035,000,000 last year — an increase of 11.0% over the 1983 total.

The percentage increase was slightly below last year's 11.6%, which brought the dollar total at that point up to $2,734,000,000. A look back through the 1980's shows similar increases each year: from $1,963,000,000 in 1980, to $2,265,000,000 in 1981, and to $2,450,000,000 in 1982.

Auto manufacturers continued to hold a comfortable lead over all other categories of advertisers, with $400,631,000 invested in daily print advertising. This figure was a whopping increase of nearly 23% over 1983, as compared to a lift of only 4.5% in that year, over 1982.

Equally significant was the fact that airlines zoomed past cigarettes to become the second largest category. The airlines spent a total of $264,223,000 for an overall gain of 6.7%. They winged their way to such lofty heights mainly on the strength of increases by domestic carriers (14.5%) and cargo lines (48.4%) — enough to overcome a 6.0% drop in investments by international carriers.

Cigarettes, on the other hand, reflecting the sales slowdown in their industry, cut down their print advertising by 6.9%. The drop, to a total of $232,502,000 put the category in third place after it had been number one two years before. The decrease was, however, a much smaller one than the 19.7% it shrunk by in 1983, or the 18.1% it went down in 1982. By far the biggest losses took place among 1983's top five brands, with the most dramatic example involving Player's, a new brand, and 1983's spending leader. The Philip Morris smoke disappeared from the rankings, after investing almost $24 million in 1983.

There were some interesting trends evident among other advertisers. The most dramatic was the rise of computers, which were designated as a category separate from other office equipment this year by Media Records.

Newspaper Automotive Dollars Where They Come From

			Total (100%)		Percent of auto total (100%) from:		
Rank	Brand	1984 Newspaper Investment	Truck pick-ups campers	Auto	Factory	Dealer assn.	Local dealer
1.	Chevrolet	$37,935,000	7%	93%	12%	6%	82%
2.	Ford	35,194,000	11	89	14	21	65
3.	Cadillac	21,740,000	—	100	3	4	93
4.	Dodge	18,455,000	13	87	20	4	76
5.	Oldsmobile	16,403,000	—	100	14	12	74
	Top 5						
6.	Chrysler	15,531,000	—	100	13	5	82
7.	Toyota	15,319,000	30	70	20	4	76
8.	Buick	14,901,000	—	100	14	15	71
9.	Lincoln	14,440,000	—	100	17	22	61
10.	Nissan	13,134,080	27	73	15	10	75
	Top 10						
11.	Pontiac	8,557,000	—	100	12	41	47
12.	Honda	7,633,000	—	100	21	5	74
13.	Volkswagen	7,540,000	2	98	50	24	26
14.	Mercury	6,496,000	—	100	12	51	37
15.	Mercedes-Benz	6,507,000	1	99	41	—	59
	Top 15						
16.	Jaguar	6,352,000	—	100	49	13	38
17.	BMW	5,960,000	—	100	53	16	31
18.	Volvo	5,599,000	—	100	55	12	33
19.	American	5,102,000	6	94	4	27	69
20.	Subaru	4,552,000	—	100	12	16	72
	Top 20						
21.	Saab	4,239,000	—	100	76	5	19
22.	Porsche/Audi	3,347,000	—	100	37	21	42
23.	Mitsubishi	3,180,000	36	64	14	14	72
24.	Mazda	3,021,000	38	62	17	0	83
25.	Peugeot	2,798,000	—	100	35	5	60
	Top 25						

Source: Media Records

Computers spent an impressive 38.2% more in 1984, becoming the seventh largest category, with $122,427,000 in total expenditures. The remaining brands in office equipment also spent a lot more on print — a 27.8% uptick to total $10,183,000.

From looking at other categories that spent significantly more on newspapers, it would be difficult to tell if America has really begun its supposed transformation to a service economy. Professional and service advertisers did spend $19,171,000 in the dailies in 1984, an increase of 109.8%. Then again, the makers of aircraft spent $3,119,000, up 45.7%, and the manufacturers of industrial materials and machinery spent $13,881,000 — an increase of 30.8%.

Once again, Americans were urged to travel more. Tours and travel services made up the sixth largest category, spending $147,031,000, or 21.7% over what they spent in 1983. And railroads and steamships more than kept pace with their competitors in the sky, increasing by 30.1% and 14.8%, respectively. Among modes of transportation, only bus lines decreased (16.3%), and they had increased their spending sharply in 1983.

Others urged Americans to spend some time relaxing or learning. Radio and tv stations, up 10.1%, were the fifth leading advertisers in print, spending $155,108,000. Also up were books (12.8%), magazines (3.4%), and newspapers (27.9%).

Real estate brokers tried harder than ever to attract the attention of those who did want to settle down. They spent $48,273,000, up some 29.8% over 1983's total. And the combined furnishers of all those new houses spent 26.5% more than they had the year before — up to a new total of $21,823,000.

Public services utilities and communications corporations were the fourth largest advertising category in print, spending $174,593,000 in 1984. This increase of 28.6% over 1983 was due largely to the breakup of AT&T into seven new telephone companies, and their innumerable subsidiaries.

And finally, the makers of medical products and drugs spent 2.9% more to advertise their products than they did in 1983 — an increase due largely to the heightened sales pitch in the papers by digestive aids, laxatives, headache remedies, and sedatives. Also, as might be expected in a presidential election year, political advertising was up 109.8%. (Could this have had anything to do with the increased pitch of headache and stomach remedies?)

There were some significant advertisers that bucked the overall trend and spent less on newspaper space than they had in 1983. The combined categories of foods were down a total of 11.1%, with every group but diet soft drinks, fruits and vegetables, meats/fish/poultry, prepared dinners, and soups cutting their print investments.

Household supplies categories dropped a combined 4.3%, to $39,941,000, with the big drop coming in aluminum and paper products (59.6%). Except for shaving equipment, all toiletries and toilet goods spent less in the papers — 39.5% less to be exact.

Advertisers apparently felt that Americans needed less inducement to look sharp and to entertain themselves at home. Clothes advertisers spent $39,589,000, a 20.1% reduction from 1983. Sporting goods dropped 29.1%, and hobbies, toys, and games were down a combined 56.4% — from over $9 million to a little less than $4 million. Not even Trivial Pursuits could make up for the great decrease in spending by the makers of electronic games.

The data that follows is published exclusively by *Marketing & Media Decisions* under an arrangement with Media Records. It tells of the spending activity of the top three brand leaders in each category, the summary of total expenditures by each category, and the leading 100 corporate spenders in national newspaper space.

The full report is available from Media Records, at 370 Seventh Avenue, New York, NY 10001, for $1,125. Product classification reports range from a high of $325 for a complete class breakout, to $115 for a sub-class.

Automobiles

Chevrolet took the top spot in newspaper advertising back from Ford in 1984, as it increased its investment in print by a whopping 62%. Ford, in second place, increased its spending by nearly 11%, putting the two companies far ahead of the rest of the pack. Chevy spent $37.9 million for the year, and Ford $35.2 million — figures that include spending by the passenger car factories, dealer associations, and local dealers, as well as the amounts spent on trucks, vans, and campers.

The two auto giants opened up a huge lead over Cadillac, the perennial third-place print advertiser. Cadillac was one of the few automotive manufacturers to decrease its newspaper space this year, reducing it by a little over $1 million (5%). Even when the amounts allotted by Chevrolet and Ford to trucks and recreational vehicles are deducted, they each outspent Cadillac by over $10 million.

The origins of Chevrolet's advertising dollars remained roughly in the same ratio that they were last year — reflecting a general trend in the top 25 manufacturers (see accompanying chart on page 102 for a full breakdown). About 12% of its print advertising came from the factory, 6% from dealer associations, and the vast majority — 82% — from local dealers. The only major change in advertising dollar distribution this year came from Ford, which increased local dealer ads from 47% to 65% of total output.

Looking back over the first five years of the '80s, one can see that Chevrolet has put its newspaper dollars on a rollercoaster ride — although the overall total has more than doubled in five years. Ford's spending has been a little less erratic, while attaining the same results, and Cadillac has decreased its newspaper spending slightly in the two past years, after steady increases from 1980-83.

Top 20 cigarette brands expenditures in newspapers

Rank	Brand	Newspaper Investment 1984	1983	1982
1.	Marlboro	$ 29,328,000	$ 11,062,000	$13,207,000
2.	Merit	18,809,000	9,286,000	23,681,000
3.	Vantage	17,754,000	10,953,000	9,978,00
4.	Kool	17,574,000	11,031,000	19,138,000
5.	Century	16,341,000	14,472,000	—
	Top 5	$ 99,806,000	$ 56,604,000	$ 66,004,000
6.	Benson & Hedges	13,296,000	8,127,000	27,039,000
7.	More	10,651,000	13,536,000	12,800,000
8.	Camel	10,640,000	13,801,000	11,290,000
9.	Sterling	10,556,000	—	—
10.	Winston	8,683,000	12,108,000	19,571,000
	Top 10	$153,632,000	$104,376,000	$136,704,000
11.	Doral	8,652,000	—	—
12.	Now	7,503,000	8,415,000	17,206,000
13.	Kent	5,603,000	8,508,000	9,770,000
14.	True	5,528,000	3,838,000	7,655,000
15.	Satin	4,573,000	8,836,000	359,000
	Top 15	$185,491,000	$133,973,000	$171,694,000
16.	Eve	4,375,000	—	—
17.	Virginia Slims	4,127,000	4,241,000	9,312,000
18.	Bright	3,604,000	21,980,000	10,194,000
19.	Richland	2,058,000	2,222,000	—
20.	Barclay	1,906,000	11,720,000	13,851,000
	Top 20	$201,561,000	$174,136,000	$205,051,000
	All other	$ 32,941,000		
	Total	$234,502,000		

Source: Media Records

The newspaper ad market was in the pink of health among the top 25 manufacturers. Besides Cadillac, only Mercury, Mercedes-Benz, Porsche/Audi, and Renault decreased their spending last year, and the first two only by small amounts. Renault cut its spending by nearly 37%, and was the only manufacturer to drop out of last year's top 25. It was replaced by Peugeot, which returned to the list after a one-year absence.

Elsewhere, the trend was quite the opposite. Chrysler was knocked out of the top five by Oldsmobile, despite spending $1.5 million more than in 1983. And Honda was knocked out of the top 10 by Lincoln, its increase of $800,000 not withstanding.

Airlines

The top three airlines in newspaper advertising remained the same in 1984, but their competitors were able to close some of the gap between them. Delta was still first, with expenditures of $26.3 million, while TWA was second with $21.4 million. Eastern was third with $18.6 million.

But all three reduced their spending, in marked contrast to overall increases of the previous five years. Delta's spending was down by 21% from 1983 — after increasing that year by 29% over 1982. Eastern's spending was down by a similar 17%, TWA took a less dramatic plunge of only 2%.

The rest of the airlines' top ten

spenders were more sanguine about newspapers. They were, in order, Continental, American, Braniff, Pan Am, Northwest Orient, Republic, and People Express. Of these, only Pan Am and Republic reduced their print spending, Republic by 21%, and Pan Am, continuing its tendency since 1982, by 40%.

But most of the top 10 — and indeed the leading 20 — airline carriers increased their spending. The biggest single increase by one of last year's leaders was People Express, which took tenth place with an enormous 310% increase in its spending. Continental was up a healthy 45%, and Braniff made an auspicious return to the print medium, after sitting out last year while it reorganized. It took sixth place, spending $11.8 million.

To attract international travelers the big three airlines spent roughly the same percentage of their newspaper dollars that they did in 1983. Delta's percentage was up about six points, to 22%, while Eastern's fell two points to 33% and TWA's stayed almost exactly the same.

The foreign carriers' leader this year was Air Canada (18th overall, with expenditures of $4.1 million). The top five foreign carriers increased their spending considerably. British Airways fell from first in 1983 to second last year, despite a $600,000 increase. And print spending by a couple of lines from south of the border really took off: Aeromexico and Mexicana fought their way into the third and fourth spots, respectively, for foreign carriers. The second five foreign leaders, however, spent less on print than did the second five in 1983.

There was a big turnover among the leaders in cargo carriers. Federal Express became the 20th leading airline overall, increasing its spending by over 300% to a total of $3.6 million. It was followed at a great distance by Purolator Courier, with $553,000 in expenditures, and Quick International Courier, with only $97,000. Last year's leader, Emery, decreased its newspaper spending from $1.3 million to only some $16,000.

Cigarettes

Cigarettes continued to be a volatile category when it came to newspaper advertising in 1984. The overall trend of decline in the past two years continued, but spending by individual brands fluctuated wildly. Last year's leader, Player's, disappeared from view entirely. Manufacturer Philip Morris slashed ad support for the brand altogether in the print medium.

Cigarette ads declined but spending by individual brands fluctuated wildly.

Its lead place was taken by another Philip Morris brand, Marlboro, which increased its spending by 62%, and moved up from the eighth position in the field. Marlboro spent a total of $29.3 million in 1984 — over $10.5 million more than Merit (also a Philip Morris brand), the next biggest spender in the print medium.

Merit is a prime example of the field's indecisiveness about newspapers. In 1981, it spent $38.1 million in print, more than any other brand. This amount dropped to $23.7 million in 1982, then plunged to $9.3 million in 1983, relegating the brand to 12th place. Merit then doubled its newspaper expenditures in 1984, regaining the second spot with $18.8 million.

Vantage, the number three brand in cigarettes this year, followed a similar pattern. After decreasing its spending by more than two-thirds in 1982, it increased its print dollars by about $1 million in 1983, and by $7 million in 1984. This brought it up from 10th place, with a total of $17.8 million.

The pattern was the same throughout the top 20 cigarette brands (see accompanying chart). Of last year's top five, only one — Reynolds' Century brand — remained there this year. Those brands with the largest reductions included Barclay, which cut its spending by 84% and fell from seventh to 20th place; Satin, which cut its spending almost in half, but only fell from 13th to 15th; and Bright, last year's second leading brand, which fell to 18th after another 84% decrease — this one from $22 million to $3.6 million.

But few brands from 1983's top 20 actually fell off the 1984 list altogether. Besides Player's, the only missing were Salem and Lucky Strike. Salem cut down from its brand-leading total of some $30.7 million two years ago to $9.7 million in 1983, and $1.3 million last year. Lucky Strike was struck from the list after its 1983 total of $2.2 million shrunk to only $800,000 in 1984. Lucky Strike's reduction continued the general trend of American Tobacco away from newspaper advertising in the last two years.

On a more positive note, there were also some considerable increases in newspaper advertising. In rounding out the top five, Kool increased its spending by $6.5 million, and Century spent nearly $2 million more. And Benson & Hedges went from the 16th spot to sixth on the strength of a $5.1 million increase. Three brands made strong debuts on the top 20 chart, replacing the dropouts. They were Sterling ($10.6 million, ninth place), Doral ($8.7 million, 11th place), and Eve ($4.4 million, 16th place).

Computers

Computers continued to be a booming source of newspaper advertising money in 1984, despite a sharp reduction in spending by the 1983 leader. Texas Instruments, which spent $16.7 million on print in 1983 to top the category, paid out only $1.7 million in 1984. But it was more than amply replaced.

IBM was the major source of new dollars, punching up its spending by a hefty 331%, to a new total of $33 million. Increases by the other leaders were also substantial, if not so spectacular. Epson was second, spending $9.7 million, up from $7.2 million the year before. Third was Hewlett Packard, increasing its investment in print to $4.6 million, from $3.9 million in 1983.

Foods

There are 22 subcategories detailed by Media Records under the heading of food. Excluding beverages and miscellany, the leaders are, in alphabetical order, bakery products, condiments, confectionery and snacks, dairy products, meats/fish/poultry, prepared dishes, and shortening/oils/margarine. A rundown of these leaders and other subcategories of note follows, in alphabetical order.

Bakery products: Nabisco decreased its print expenditures by just over one-third of 1983's total, but maintained a wide lead, paying out $2.2 million.

Second place, however, was a surprise. Frito-Lay's Grandma's Cookies brand displaced Pepperidge Farm, which had been first or second in this category throughout the 1980s. Grandma's increased its spending from $82,000 to $825,000 — while Pepperidge Farm reduced its print advertising dollar by 24% from 1983, to $571,000.

Cereals: This continued to be an unpredictable category in 1984, full of dramatic rises and plunges in spending. The three leaders — Kellogg's, Post, and General Mills — did remain the same from 1983, with the only change being that Post replaced General Mills as number two.

But that was hardly the whole story. Kellogg's maintained a comfortable lead, but cut its print budget almost in half — down to $1.2 million — after a considerable increase in 1983. And that 1983 increase followed large declines in spending in 1981 and 1982.

Post has been on the same seesaw in the 1980s, increasing and decreasing its newspaper ad spending by substantial amounts every other year. In 1984, it was up to $935,000 — an increase of 216%.

And General Mills seems to have joined the general restlessness, after keeping its budget fairly steady from 1980-82. It quadrupled its print spending in 1983, largely on the basis of nearly a million dollars spent on Cheerios and Wheaties alone. But in 1984, the amount appropriated for those two cereals was back down to almost nothing, and General Mills as a whole decreased its spending by close to two-thirds, down to $613,000.

Condiments: The leading condiment brands decided to hold newspaper advertising in 1984, as this category took a major drop. Prego and Hunt's, the two leading condiment print advertisers in 1983, dropped almost completely out of sight, reducing their spending by over $1 million each. Heinz moved from third to first, despite spending only $582,000 — a decrease of 36%.

Diet sodas spent more in 1984, but were more than offset by big cuts in non-diet spending.

Vlasic pickles, which has spent greatly fluctuating amounts in the print medium over the last four years, increased its spending fourfold, to $463,000, to take over second place. Ragu, after a large decrease in 1983, went back up by 27%, to a third place figure of $413,000.

Confectionery/snacks: The snack leaders nibbled a lot less at print in 1984. Spending took a deep dip last year, with no brand near the $1-$2 million usually needed to lead the field. And there was a great deal of turnover, with all three of 1983's leaders drastically reducing their investments.

On the positive side, Nabisco, this year's leader, has doubled its spending in each of the last two years. It reached a height of $654,000 in 1984. And Nestle was a close second with $643,000, after spending nothing on newspaper print in 1983. Peter Paul Cadbury was third with $338,000, a slight reduction from the year before. M & M /Mars and Hershey, last year's leaders, reduced their spending by about $800,000 and $900,000, respectively.

Dairy products: Kraft continued its perennial leadership, spending $1.4 million in 1984 — an increase of 29% over 1983. It held a wide lead over Light 'n Lively, despite the latter's more than doubling its previous year's investment, bringing it up to $734,000. In third place was Country Line with $646,000, an increase of some 146%.

Sealtest, 1983's second leading print advertiser in this category, reduced its spending by $800,000, while Coffee Mate, number three in 1983, made no recorded expenditures for print advertising whatsoever.

Fruits and vegetables: Birds Eye vegetables moved up from third to first, increasing its spending 42% to a total of $446,000. In second place was French's potatoes with $423,000, an increase of 44%. Sun took third with $258,000, an increase of some $39,000.

Ore-Ida potatoes, the field's leader in 1983 and 1982, reduced its 1983 budget by about three-quarters, to finish far behind the current leaders.

Meats-fish-poultry: Hormel held a wide lead, as it has throughout the 1980s, spending $5.1 million in 1984. Its healthy increase of 19% over 1983 reflected a heavy overall trend of increased print expenditures since 1980. Wilson meats was a distant second with $1.4 million, representing an increase of some $300,000. Mrs. Paul's frozen fish products put out print ad bait in the sum of $873,000 — an increase of 48% over 1983.

Banquet, last year's second highest newspaper spender, completely reversed its enormous increase of 1983, decreasing its outlays for print by about $1.3 million.

Prepared dishes: On-Cor Frozen Entrees took over first place in this category, which for the second year in a row was highly volatile. The move to first crowned a series of regular increases for On-Cor since it began to invest in print advertising in 1981. Its spending has increased steadily since then — though never quite so dramatically as its 202% ballooning in 1984, which brought it up to a total of $902,000.

The next two highest finishers made similar investment increases in 1984. Banquet spent $673,000, a 184% increase. Van de Kamps spent $447,000, an increase of 306%.

On the other hand, Jeno's, the 1983 leader in prepared foods, cut its print advertising budget by four-fifths. Buitoni, which had come up to number two after spending next to nothing in the previous two years, made no recorded expenditures in the field in 1984.

Shortenings-oils-margarines: Imperial products widened its lead over Mazola products, with both making hefty additions to their 1983 expenditures. At $881,000, Imperial's print ad budget was up 56%, while Mazola's increased by 39%, to $633,000. Fleischmann's products took over the third spot from Wesson, which made no recorded print expenditures at all in 1984. Fleischmann's 1984 total of $328,000 represented a 49% increase over 1983.

Lotteries

The District of Columbia took over first place in lottery newspaper advertising, more than quadrupling its 1983 total. D.C. spent $920,000 in the papers in 1984, for a lottery that it only began advertising the previous year. It was followed by two traditional leaders in the field: Massachusetts, which spent $858,000 (an increase of 96%), and New York state, which spent $702,000 (a decline of 12%).

Soft Drinks

Coca-Cola regained the top spot from Pepsi in what was overall a depressed year for the newspaper advertising category. Spending was cut, often drastically, all down the line of fizzy, non-diet beverages, overwhelming the increases in diet ad spending.

Coke itself spent 9% less than it had in 1983. It paid out a total of $3.9 million.

Pepsi, after a huge 116% increase in 1983 that gave it the newspaper lead for the first time, promptly cut back on its spending by 37%. It fell back to second, with $3.3 million.

Seven-Up, traditionally the third largest soft drink print spender, held on to that post again in 1984. It cut back its own spending by 35%, keeping it far behind the leaders with a total of $1.1 million.

All of the other leading soft drink brands made similar reductions in their newspaper investments.

Couponers

Co-op couponing (free-standing inserts) continued its remarkable boom in the '80s, with giant Vlassis Inserts opening up a wide lead in the field. Vlassis' investment was $99.3 million — an increase of 61% over 1983, and 155% over 1982. Newspaper Co-op Couponing/BFD Color Inserts, which had cut its investment by 11% and dropped into third place in 1983, came back a strong second. It had a 120% increase in 1984, for a total of $79.6 million. Blair Inserts, which had been second in 1983, dropped down to third, with an increase of "only" 32% that brought its investments up to $74.9 million.

In figuring the totals for couponers, the money invested by the individual participants is not included in the individual company/brand totals. However, money spent in the national and local supplements is allocated advertiser by advertiser.

Mail order

Franklin Mint paced the field again, with expenditures of $6.7 million. This was, however, a drop of 20% from 1983, sharply accelerating a downward trend that began in 1981. Other heavy hitters in the field were more optimistic about the ability of the papers to get them customers. Shopping Mart spent $5.3 million, which continued its steady, if unspectacular, trend of increased investment since 1980. Fingerhut Corporation, at number three, spent $2.9 million — far behind the leaders, but still an increase of 160% over 1983.

Magazines

Magazines continued to be unpredictable in 1984 when it came to advertising in their print cousins. *Woman's World* vaulted into first place, with an investment of $2.5 million — an increase of 344% over 1983. *Fortune* was also a climber in '84, coming in second by spending $1.9 million — an increase of 113%. In third place was *TV Guide*, which reduced its spending 62% after finishing first in 1983. Its total in 1984 was $1.7 million.

Radio/tv stations

There was no change in the print advertising leadership of this field, just more money spent. ABC was the leading investor for the second year in a row, spending $12.1 million — an increase of 19%. NBC was second again, increasing its spending by 29%, to a total of $10.1 million. CBS was third, as it has been throughout the '80s, spending $9.6 million — an increase of 44%.

Beers

Budweiser continued to be the runaway print leader among beer brands in 1984, and Anheuser-Busch took second place as well, with the campaign for its new, low-alcohol beer, LA. Bud spent $2.2 million — almost exactly as much as it had in 1983. LA's spending totaled $1.6 million in print. Miller took third place despite reducing its spending by 18%, to $1.3 million.

Cameras—photo supplies

Kodak maintained its lead in this field for the fifth straight year, despite a 30% reduction in newspaper spending. Kodak's expenditures totaled $3.6 million — still enough to keep it in first place by a substantial margin.

In second place was Canon, with an abrupt increase of 378% that brought its newsprint spending up to $2 million. Third was RCA's video camera, which spent $1.7 million for space in the papers after paying out virtually nothing over the previous two years. The number two and three spenders in 1983 — Polaroid and Clark Color — dropped down after reducing their print budgets by $700,000 and $600,000, respectively.

Coffees

A decaffeinated brand led this depressed field for the second year in a row. Sanka spent $750,000 in the papers on trying to attract those drinkers who want a few less perks. This kept it the leading spender among coffees, but still was a 16% drop from 1983. It was also way down from the $1.2 million spent by Maxwell House to lead this beverage category in 1982.

In second place was Chock Full O' Nuts, which reversed a sharp two-year slide in spending by paying out $465,000 for print — a 1,092% increase over 1983. Third was Nescafe, with $192,000. This was a 77% decrease that took it down a peg from last year's second place finish.

Gas—oil

Mobil's extensive editorial campaign helped it keep a substantial lead among newspaper advertisers. Its total spending was $6.4 million, making 1984 the third straight year in which its print spending was slightly reduced. Second was Atlantic Richfield, which sharply reversed its own downward trend by spending $2.8 million, an increase of 810%. Exxon was third with $1.7 million in expenditures, a slight decrease from 1983.

Insurance—Life

Life insurance companies continued to be big advertisers in the newspapers in 1984. The top three spenders, Physicians Mutual, New York Life, and Gerber Life, respectively, were the same as in 1983. Physicians increased its spending by $500,000, to $2.2 million, while New York spent $400,000 more, for a total of $1.9 million. Gerber, on the other hand, reduced its spending by about $50,000, to $1.2 million.

Liquors

Seagram moved boldly back into the lead among liquor brands, with a 276% increase in its print spending. Seagram spent $5.7 million to appeal to newspaper readers, which continued its rollercoaster ride through this medium in the 1980s. Seagram has alternately raised and dropped its print budget dramatically every year since 1979.

In second place was J&B, with expenditures of $2.5 million. This resumed a five-year rise in print spending broken only by a sharp dip in 1983. Third was Ballantine's scotch, with $1.6 million, continuing a series of large increases started in 1982.

Two of the perennial leading spenders, Schenley and Wild Turkey, made major cuts in their paper spending in 1984. Schenley spent over $1 million less than in 1983, while Wild Turkey spent $500,000 less.

Phonographs—records—tapes

Columbia and RCA traded places for the second straight year among the leading print advertisers in this field, with Columbia taking over the top spot again on the strength of a 29% increase in spending. Columbia's total of $10.3 million held a wide lead over RCA's $6.7 million, which was a decrease of 23% for the 1983 leader.

In third place for the third straight year was Sony, despite a cut in spending of 64%, down to $2.3 million.

Soaps—cleansers—polishers

This was a field that really took off in 1984, as the leading brands made a big push to attract buyers through the newspapers. The number one spender was Texize. It led for the second year in a row with a total expenditure of $1.4 million — an increase of 209% over 1983.

Yes liquid detergent and Morton water softener salt, the number two and three spenders, trailed far behind but had increases that were no less dramatic. Yes spent $600,000, an increase of 3,429%, while Morton spent $545,000, an increase of 2,080%.

Steamship lines

Sitmar Cruises steamed into first place in 1984, in a field that has seen increased newspaper spending by most of its leaders throughout the '80s. Sitmar spent $9.7 million trying to lure the more leisurely traveler away from the airlines through the print medium — an increase of 27%. Cunard was second for the second year in a row, despite a $4.6 million increase that brought its total expenditures up to $9.5 million. Royal Caribbean Cruise Line was third, with $6.9 million for print ads — an increase of 50%.

Holland American, the leading spender for the previous two years, moved in the opposite direction of the 1984 leaders. It spent $5.6 million, which was a reduction of 30%.

Tours—travel service

American Express continued to be a runaway leader in this field, which was more than ever a major source of newspaper advertising dollars in 1984. After a reduction in spending of $1.3 million in 1983, American Express increased its spending by 49% last year, up to a total of $10.8 million. In second place, with a total of $7.9 million, was Liberty Travel Service, spending 47% more than it had in 1983. Third was Pleasant Hawaiian, with $6.1 million, up 9%.

Toys—games
(excluding video games)

Toy and game manufacturers pushed many of their products with new vigor in the papers, as the bottom fell out of the video game market. The chief example of this was Mattel, which cut its video game advertisements to a small fraction of what they were in 1982-83, and increased its print budget for other advertisements by 4,338% — from $40,000 to $1.7 million.

In second place was the country's new game craze and one of the leading Canadian exports to America, Trivial Pursuits. The big new kid in the toy world started off its newspaper advertising with a significant $1.2 million.

Circus World was a distant third, debuting in print with $85,000.

Video games

Video games fell into very fine type in 1984 newspapers. The electronic playthings had an enormous boom year in 1982 and, despite a sharp leveling off, still constituted a major source of advertising dollars in 1983.

But in 1984 the bottom dropped out. Mattel Intellivison was the leader with only $82,000 — as opposed to the $4.2 million that Atari spent the year before. Atari itself dropped to third, with expenditures of $35,000 — a decrease of some 99%. The number two spender was Wico Joystick, which cut its spending by 93%, down to $41,000.

Wearing apparel

Ralph Lauren was the leader for the third year in a row, spending $2.1 million to attract purveyors of glad rags. This was only a slight decrease from 1983, in a generally reduced field. Hush Puppies, spending $1.4 million, was the number two spender for the second straight year but cut its spending by 28%. Jordache got back into the top three after a year's absence, despite a reduction in its print budget of 32%. Maidenform, which was number three in 1983, reduced its spending by almost $1 million.

Kevin Baker

TOP 100 NATIONAL NEWSPAPER ADVERTISERS — 1984

Rank	1984 Investments	1983 Investments
1. General Motors Corp.	$109,359,000	$ 88,579,000
2. R. J. Reynolds Industries, Inc.	101,990,000	112,343,000
3. Philip Morris Inc.	69,023,000	65,272,000
4. Ford Motor Co.	62,063,000	49,603,000
5. American Telephone & Telegraph Co.	58,200,000	71,995,000
6. RCA Corp.	36,962,000	31,716,000
7. International Business Machines Corp.	36,036,000	11,720,000
8. Chrysler Corp.	34,962,000	31,846,000
9. Delta Air Lines, Inc.	26,331,000	31,810,000
10. Batus Inc.	25,317,000	27,803,000
11. CBS Inc.	21,519,000	15,829,000
12. Trans World Airlines, Inc.	21,436,000	21,925,000
13. Eastern Air Lines, Inc.	18,654,000	22,461,000
14. Texas Air Corp.	17,636,000	12,390,000
15. Loews Corp.	17,095,000	22,533,000
16. U.S. Government	16,797,000	11,548,000
17. American Broadcasting Companies, Inc.	16,155,000	10,304,000
18. General Electric Co.	14,984,000	12,220,000
19. Toyota Motor Sales, U.S.A., Inc.	14,913,000	12,571,000
20. AMR Corp.	13,496,000	12,790,000
21. Time, Inc.	13.319,000	11,428,000
22. Nissan Motor Co., Ltd.	13,170,000	9,444,000
23. Grandmet USA, Inc.	12,842,000	4,375,000
24. Beatrice Companies, Inc.	12,340,000	5,683,000
25. NYNEX	11,781,000	14,803,000
26. Hyatt Corp.	11,762,000	—
27. GTE Corp.	11,631,000	12,414,000
28. American Express Co.	11,481,000	12,337,000
29. Pan American World Airways, Inc.	11,395,000	19,202,000
30. Norwegian Caribbean Lines	11,112,000	4,715,000
31. Ameritech Corp.	11,110,000	8,067,000
32. Volkswagen of America, Inc.	11,051,000	9,947,000
33. Northwest Orient Airlines	10,265,000	9,147,000
34. Cunard Line Ltd.	9,839,000	7,469,000
35. Epson America Inc.	9,761,000	7,272,000
36. Sitmar Cruises	9,731,000	7,403,000
37. Seagram, Joseph E., & Sons, Inc.	9,426,000	8,477,000
38. Republic Airlines, Inc.	9,165,000	11,660,000
39. American Honda Motor Co., Inc.	9,001,000	8,059,000
40. People Express Airlines	8,953,000	2,180,000
41. Xerox Corp.	8,595,000	13,824,000
42. Apple Computer, Inc.	8,026,000	5,231,000
43. Warner Communications, Inc.	7,912,000	15,718,000
44. Liberty Travel, Inc.	7,880,000	5,361,000
45. Gencorp Inc.	7,716,000	5,327,000
46. American Motors Corp.	7,572,000	8,315,000
47. United Technologies Corp.	7,283,000	4,669,000
48. Bellsouth Corp.	7,260,000	4,635,000
49. Dart & Kraft, Inc.	6,919,000	7,067,000
50. Anheuser-Busch Companies, Inc.	6,868,000	4,158,000
51. Royal Caribbean Cruise Line, Inc.	$ 6,860,000	$ 4,580,000
52. Mobil Corporation	6,757,000	7,045,000
53. Coca-Cola Company, The	6,747,000	6,037,000
54. Princess Cruises	6,639,000	3,801,000
55. Procter & Gamble Co., The	6,547,000	9,830,000
56. Mercedes-Benz of North America, Inc.	6,545,000	6,595,000
57. Bell Atlantic Corp.	6,402,000	5,243,000
58. Jaguar Cars Inc.	6,353,000	5,895,000
59. USAIR Group, Inc.	6,349,000	6,720,000
60. Holland America Cruises	6,276,000	7,929,000
61. UAL, Inc.	6,112,000	5,432,000
62. B.M.W. of North America Inc.	6,109,000	4,761,000
63. Pleasant Hawaiian Holidays	6,101,000	5,572,000
64. Volvo of America Corp.	5,599,000	3,767,000
65. Southwestern Bell Corp.	5,798,000	5,284,000
66. Hormel, Geo. A., & Co.	5,778,000	4,389,000
67. Piedmont Aviation, Inc.	5,686,000	4,340,000
68. Nabisco Brands, Inc.	5,466,000	6,174,000
69. Campbell Soup Co.	5,401,000	4,641,000
70. Midway Airlines, Inc.	5,365,000	2,212,000
71. Doubleday & Company, Inc.	5,263,000	4,658.000
72. Club Med Sales, Inc.	5,203,000	4,258,000
73. Seiko Corp. of Amarica	5,181,000	8,733,000
74. Pacific Telesis	5,142,000	3,577,000
75. Carnival Cruise Lines	5,129,000	7,191,000
76. Knight-Ridder Newspapers, Inc.	5,128,000	119,000
77. Pepsico, Inc.	5,036,000	6,002,000
78. American Brands, Inc.	4,994,000	5,815,000
79. US West	4,981,000	3,443,000
80. Sony Corp. of America	4,919,000	11,620,000
81. Consolidated Foods Corp.	4,812,000	2,834,000
82. Brown-Forman Distillers Corp.	4,791,000	3,841,000
83. Bahama Cruise Line	4,683,000	1,933,000
84. Hewlett-Packard Co.	4,647,000	4,110,000
85. Subaru of America, Inc.	4,557,000	2,692,000
86. Motorola, Inc.	4,556,000	781,000
87. Eastman Kodak Co.	4,523,000	5,163,000
88. World Airways, Inc.	4,507,000	1,777,000
89. International Thomson Communications Inc.	4,440,000	2,456,000
90. Carefree David Vacations	4,394,000	4,481,000
91. Newhouse Publications	4,366,000	2,834,000
92. New York Times, Inc.	4,314,000	3,046,000
93. Saab-Scania of America, Inc.	4,239,000	3,829,000
94. Southwest Airlines, Co.	4,109,000	4,878,000
95. Air Canada	4,080,000	2,856,000
96. Greyhound Corp., The	4,057,000	8,926,000
97. ITT Corp.	4,042,000	3,162,000
98. General Foods Corp.	4,017,000	4,201,000
99. Transamerica Corp.	4,014,000	3,142,000
100. NEC Electronics Inc.	3,952,000	1,316,000
Total top 100 newspaper advertisers		**$1,289,068,000**

TOP BRAND SPENDERS IN NATIONAL NEWSPAPER SPACE

	1984	1983	1982	1981	1980
Air Conditioning					
Carrier	$2,697,000	$1,371,000	$1,474,000	$1,170,000	$837,000
Bryant	704,000	349,000	309,000	529,000	88,000
Friedrich	536,000	748,000	476,000	493,000	445,000
Aircraft & equipment					
McDonnell Douglas	550,000	539,000	263,000	182,000	117,000
Grumman	501,000	227,000	19,000	370,000	32,000
Hughes Aircraft	205,000	—	80,000	—	—
Airlines					
Delta	26,273,000	31,810,000	24,665,000	21,653,000	20,410,000
TWA	21,424,000	21,852,000	19,776,000	17,354,000	17,440,000
Eastern	16,611,000	22,461,000	21,625,000	23,670,000	20,161,000
Aluminum-paper products					
Banner toilet tissue	411,000	273,000	—	—	—
Luvs	228,000	417,000	270,000	140,000	328,000
Ziploc bags	226,000	624,000	473,000	535,000	342,000
Amusements					
New Orleans World's Fair	901,000	—	—	—	—
Disney	866,000	977,000	552,000	602,000	360,000
Touchstone Films	547,000	—	—	—	—
Auto lease-rental					
Hertz	7,524,000	8,429,000	4,682,000	5,053,000	4,550,000
Ford Dealers' Red Carpet Leases	5,188,000	866,000	376,000	—	—
Avis	5,053,000	3,655,000	2,245,000	3,609,000	1,320,000
Auto parts-accessories					
Delco	3,620,000	2,556,000	950,000	215,000	71,000
Monroe	337,000	430,000	579,000	30,000	33,000
Motorcraft	332,000	409,094	953,000	511,000	343,000
Automobiles					
Chevrolet	35,305,000	21,992,000	28,754,000	27,515,000	18,780,000
Ford	31,194,000	28,967,000	28,015,000	28,820,000	15,199,000
Cadillac	21,740,000	22,780,000	16,752,000	13,522,000	9,621,000
Bakery goods					
Nabisco	2,189,000	3,308,000	2,932,000	2,678,000	418,000
Grandma's	825,000	82,000	27,000	—	10,000
Pepperidge Farm	571,000	751,000	1,069,000	1,288,000	651,000
Beers					
Budweiser	2,246,000	2,242,000	1,929,000	939,000	258,000
LA (Anheuser-Busch)	1,618,000	—	—	—	—
Miller	1,279,000	1,556,000	490,000	173,000	98,000
Books					
Book-of-the-Month	2,897,000	2,546,000	2,387,000	2,191,000	1,748,000
Times books	2,521,000	2,684,000	963,000	144,000	558,000
Doubleday	1,898,000	2,147,000	1,693,000	1,542,000	1,280,000

TOP BRAND SPENDERS IN NATIONAL NEWSPAPER SPACE

	1984	1983	1982	1981	1980
Bus lines					
Greyhound	$3,193,000	$5,824,000	$1,209,000	$908,000	$838,000
Trailways	1,474,000	1,235,000	896,000	652,000	620,000
Blue Bird Coach	716,000	585,000	441,000	201,000	111,000
Cameras-photo supplies					
Kodak	3,595,000	5,105,000	3,650,000	2,401,000	3,180,000
Canon	2,046,000	428,000	356,000	773,000	661,000
RCA Video Camera	1,659,000	16,000	—	120,000	—
Cargo airlines					
Federal Express	3,587,000	896,000	864,000	937,000	413,000
Purolator Courier	553,000	115,000	—	59,000	—
Quick International Courier	97,000	35,000	—	—	—
Cereals					
Kellogg's	1,232,000	2,395,000	2,044,000	2,457,000	3,263,000
Post	935,000	296,000	443,000	151,000	269,000
General Mills	613,000	1,746,000	420,000	457,000	335,000
Cigarettes					
Marlboro	29,328,000	11,062,000	13,207,000	16,731,000	17,328,000
Merit	18,809,000	9,286,000	23,681,000	38,133,000	29,141,000
Vantage	17,754,000	10,953,000	9,978,000	28,514,000	27,196,000
Cigars					
Macanudo	86,000	111,000	—	—	32,000
Don Diego	84,000	38,000	21,000	63,000	23,000
H. Upmann	70,000	38,000	14,000	38,000	34,000
Coffee					
Sanka	750,000	895,000	655,000	508,000	946,000
Chock Full o'Nuts	465,000	39,000	254,000	379,000	165,000
Nescafe	192,000	820,000	668,000	593,000	634,000
Cold, cough, & sinus remedies					
Triaminic	474,000	1,175,000	126,000	36,000	—
Luden's Cough Drops	223,000	60,000	—	—	—
Afrin Nasal Spray	179,000	35,000	—	—	—
Coricidin D	179,000	35,000	—	—	—
Computers					
IBM	33,014,000	7,786,000	4,630,000	1,900,000	1,616,000
Epson	9,744,000	7,215,000	146,000	—	—
Hewlett-Packard	4,630,000	3,871,000	1,185,000	278,000	117,000
Condiments					
Heinz	582,000	904,000	758,000	677,000	551,000
Vlasic pickles	463,000	105,000	33,000	188,000	—
Ragu	413,000	325,000	771,000	237,000	372,000
Confectionery-snacks					
Nabisco	654,000	320,000	166,000	407,000	162,000
Nestle	643,000	—	51,000	422,000	307,000
Peter Paul Cadbury	338,000	411,000	273,000	273,000	69,000

	1984	1983	1982	1981	1980
Cosmetics					
Tova 9	$1,878,000	$1,939,000	$1,040,000	$ —	$ —
Estee Lauder	631,000	679,000	432,000	330,000	476,000
Lancome	527,000	590,000	103,000	—	14,000
Couponers					
Vlassic Inserts	99,256,000	61,735,000	38,951,000	23,439,000	13,456,000
Newspaper Coop Couponing/BFD Color Inserts (Market Corp. of America)	79,569,000	36,230,000	40,751,000	3,546,000	2,677,000
Blair Inserts	74,873,000	56,738,000	34,233,000	21,748,000	11,666,000
Dairy products					
Kraft	1,448,000	1,125,000	1,841,000	1,221,000	1,119,000
Light n' Lively	734,000	348,000	252,000	478,000	563,000
County Line	646,000	263,000	97,000	63,000	42,000
Dental supplies-mouthwashes					
Colgate	117,000	536,000	151,000	1,617,000	324,000
Denturite Denture Cushion	38,000	—	—	—	—
Listermint	38,000	151,000	23,000	3,000	131,000
Farm & garden					
Snapper	3,835,000	3,799,000	2,667,000	2,156,000	1,815,000
Toro	3,007,000	2,887,000	2,387,000	1,843,000	1,950,000
Lawnboy	1,446,000	980,000	648,000	543,000	524,000
Feminine hygienic products					
Always	1,033,000	68,000	—	—	—
Kotex	266,000	42,000	304,000	248,000	95,000
Sure & Natural	212,000	207,000	19,000	194,000	591,000
Floor coverings					
Armstrong	777,000	959,000	1,640,000	1,290,000	698,000
Congoleum	366,000	653,000	495,000	78,000	372,000
Dobson	364,000	341,000	185,000	53,000	39,000
Fruits-vegetables					
Birds Eye	446,000	313,000	325,000	411,000	180,000
French's Potatoes	423,000	294,000	57,000	107,000	77,000
Sun	258,000	219,000	160,000	92,000	124,000
Fruit & vegetable juices					
Welch's	934,000	180,000	228,000	149,000	89,000
Minute Maid	504,000	810,000	926,000	835,000	759,000
Tropicana	496,000	974,000	1,010,000	515,000	210,000
Furniture					
La-Z-Boy	1,635,000	620,000	183,000	119,000	422,000
Ethan Allen	456,000	212,000	247,000	303,000	45,000
Sealy	452,000	436,000	263,000	257,000	282,000
Gas-oil					
Mobil	6,448,000	6,475,000	7,226,000	8,105,000	5,631,000
Atlantic Richfield	2,848,000	313,000	532,000	1,127,000	1,423,000
Exxon	1,711,000	1,808,000	1,304,000	1,110,000	2,617,000

TOP BRAND SPENDERS IN NATIONAL NEWSPAPER SPACE

	1984	1983	1982	1981	1980
Headache remedies-sedatives					
Nuprin	$649,000	$ —	$ —	$ —	$ —
Cosprin	573,000	—	—	—	—
Encaprin	544,000	—	—	—	—
Heating-plumbing equipment					
Carrier	1,098,000	763,000	1,093,000	460,000	242,000
Bryant	679,000	456,000	155,000	76,000	—
Amana	439,000	309,000	90,000	139,000	24,000
Home building materials-tools					
Shopsmith	1,593,000	1,504,000	869,000	711,000	505,000
Andersen	864,000	590,000	479,000	397,000	252,000
Owens Corning	755,000	453,000	1,628,000	1,375,000	533,000
Household furnishings					
Del Mar Window Coverings	3,200,000	462,000	241,000	755,000	15,000
Lenox	3,107,000	585,000	176,000	156,000	129,000
Corning	1,129,000	50,000	31,000	142,000	12,000
Industrial materials-machinery					
General Electric	1,829,000	621,000	109,000	189,000	138,000
United Technologies	1,279,000	1,284,000	1,154,000	741,000	790,000
Northrup	810,000	424,000	311,000	197,000	125,000
Insecticides-disinfectants					
Roach Prufe	824,000	1,065,000	904,000	432,000	1,202,000
Raid	445,000	531,000	329,000	1,040,000	556,000
Airwick	395,000	357,000	—	42,000	—
Insurance — Life					
Physicians Mutual	2,219,000	1,705,000	1,657,000	1,184,000	841,000
New York Life	1,892,000	1,463,000	2,267,000	1,405,000	1,214,000
Gerber Life	1,197,000	1,244,000	761,000	451,000	1,199,000
Jewelry — Watches					
Seiko	5,163,000	1,252,000	1,299,000	1,698,000	632,000
Timex	1,157,000	3,296,000	2,292,000	1,386,000	2,104,000
Rolex	831,000	778,000	20,000	320,000	—
Jewelry — Other					
Van Pier V Tissany	1,536,000	120,000	—	—	—
Oneida Silverware	343,000	309,000	592,000	188,000	110,000
European Jewelers of 47th St.	342,000	—	—	—	—
Liquors					
Seagram's	5,694,000	1,516,000	3,418,000	2,395,000	4,397,000
J & B	2,499,000	940,000	1,172,000	794,000	666,000
Ballantine's	1,623,000	1,149,000	253,000	433,000	328,000
Lotteries					
District of Columbia	920,000	202,000	—	—	—
Massachusetts State	858,000	437,000	465,000	553,000	513,000
New York State	702,000	793,000	923,000	900,000	2,245,000

TOP BRAND SPENDERS IN NATIONAL NEWSPAPER SPACE

	1984	1983	1982	1981	1980
Magazines					
Woman's World	$2,524,000	$569,000	$1,246,000	$712,000	$ 18,000
Fortune	1,870,000	880,000	594,000	390,000	301,000
TV Guide	1,672,000	4,362,000	1,409,000	677,000	672,000
Mail Order					
Franklin Mint	6,654,000	8,340,000	8,678,000	9,041,000	8,270,000
Shopping Mart	5,335,000	5,253,000	3,344,000	2,083,000	1,555,000
Fingerhut Corp.	2,923,000	1,123,000	544,000	81,000	141,000
Meats-fish-poultry					
Hormel	5,122,000	4,299,000	3,203,000	3,328,000	2,208,000
Wilson	1,394,000	1,092,000	1,345,000	434,000	199,000
Mrs. Paul's	873,000	591,000	206,000	83,000	222,000
Motorcycles					
Suzuki	987,000	1,915,000	920,000	118,000	—
Yamaha	533,000	2,445,000	1,900,000	316,000	137,000
Honda	451,000	1,191,000	1,797,000	419,000	36,000
Newspapers					
Investors Daily	1,740,000	—	—	—	—
New York Times	1,249,000	—	44,000	9,940	6,070
USA Today	1,190,000	1,717,000	835,000	—	—
Office equipment (minus computers)					
Xerox	7,819,000	12,892,000	5,728,000	4,956,000	3,103,000
Canon	1,575,000	163,000	350,000	219,000	—
IBM	933,000	3,781,000	2,598,000	729,000	1,227,000
Paints					
Sherwin Williams	891,000	647,000	353,000	457,000	204,000
Benjamin Moore	579,000	311,000	277,000	317,000	279,000
Fuller O'Brien	304,000	137,000	205,000	157,000	37,000
Perfumes-toilet water					
Guerlain	560,000	714,000	—	—	218,000
Estée Lauder	426,000	568,000	602,000	262,000	196,000
Paloma Picasso	120,000	—	—	—	—
Pet foods					
Alpo	1,444,000	776,000	247,000	116,000	233,000
Purina	1,030,000	1,565,000	2,163,000	974,000	1,468,000
Gaines	392,000	524,000	239,000	—	479,000
Pet supplies					
Tetras Aquarium Products	907,000	1,046,000	321,000	118,000	70,000
Jonny Cat Cat Litter	306,000	139,000	110,000	66,000	59,000
Filanbits	281,000	238,000	99,000	186,000	153,000
Phonographs-records-tapes					
Columbia	10,274,000	7,959,000	7,153,000	5,994,000	6,186,000
RCA	6,712,000	8,723,000	6,996,000	5,480,000	265,000
Sony	2,294,000	6,397,000	3,910,000	3,509,000	3,112,000

TOP BRAND SPENDERS IN NATIONAL NEWSPAPER SPACE

	1984	1983	1982	1981	1980
Prepared dishes					
On-Cor Frozen Entrees	$ 902,000	$ 299,000	$ 95,000	$ 38,000	$ —
Banquet	673,000	237,000	173,000	176,000	10,000
Van de kamps	447,000	110,000	186,000	49,000	19,000
Public utilities					
AT&T	47,865,000	23,610,000	4,426,000	1,280,000	2,336,000
General Telephone & Electronics	11,299,000	4,655,000	1,258,000	1,508,000	912,000
New York Telephone	6,573,000	7,733,000	6,565,000	2,105,000	3,229,000
Radio-tv sets					
RCA	6,391,000	3,936,000	2,991,000	3,587,000	3,175,000
Zenith	1,602,000	963,000	865,000	1,910,000	1,633,000
Sony	1,506,000	994,000	226,000	1,254,000	1,866,000
Radio-tv stations					
ABC	12,144,000	10,228,000	10,241,000	10,240,000	11,808,000
NBC	10,067,000	7,816,000	11,383,000	13,727,000	15,488,000
CBS	9,649,000	6,695,000	8,424,000	8,658,000	7,870,000
Railroads					
Amtrak	9,505,000	5,979,000	5,358,000	3,741,000	2,115,000
Metrorail	364,000	138,000	90,000	41,000	—
CSX	333,000	169,000	297,000	96,000	30,000
Real estate					
Palm Valley Country Club	1,138,000	274,,000	—	—	—
Admiral Walk (Edgewater, NJ)	986,000	738,000	536,000	31,000	—
U.S. Department of Housing & Urban Development	841,000	177,000	127,000	63,000	470,000
Refrigerators-freezers					
GE	1,047,000	957,000	46,000	240,000	68,000
Whirlpool	267,000	203,000	165,000	205,000	268,000
Admiral	122,000	106,000	33,000	—	24,000
Shaving equipment					
Gillette	742,000	690,000	2,069,000	1,297,000	341,000
Clinique	67,000	62,000	—	—	—
Remington	47,000	32,000	—	—	—
Shortenings-oils-margerines					
Imperial	881,000	566,000	482,000	349,000	204,000
Mazola	633,000	457,000	273,000	351,000	170,000
Fleischmann's	328,000	220,000	642,000	416,000	397,000
Soaps-bath powders-deodorants					
Neutrogena	744,000	418,000	—	—	—
Affinity	606,000	—	—	—	—
Jergens	155,000	—	—	175,000	—

	1984	1983	1982	1981	1980
Soaps-cleansers-polishes					
Texize	$ 1,380,000	$ 446,000	$ 42,000	$ 51,000	$1,433,000
Yes liquid detergent	600,000	17,000	19,000	411,000	80,000
Morton Water Softener Salt	545,000	25,000	112,000	13,000	44,000
Soft drinks					
Coca-Cola	3,893,000	4,267,000	2,535,000	2,191,000	1,204,000
Pepsi-Cola	3,268,000	5,198,000	2,410,000	1,659,000	917,000
Seven-Up	1,149,000	1,760,000	684,000	1,087,000	1,993,000
Soups					
Campbell's	960,000	80,000	696,000	1,442,000	592,000
Progresso	89,000	169,000	71,000	66,000	92,000
Mrs. Grass	81,000	104,000	141,000	248,000	17,000
Steamship lines					
Sitmar Cruises	9,731,000	7,403,000	5,994,000	3,107,000	1,840,000
Cunard	9,519,000	4,947,000	5,232,000	3,925,000	3,580,000
Royal Caribbean Cruise Line	6,860,000	4,580,000	2,577,000	3,168,000	2,420,000
Stoves-ranges-dishwashers					
Kitchen Aid	1,751,000	766,000	1,012,000	1,041,000	406,000
GE	1,455,000	2,182,000	655,000	394,000	364,000
Sharp Microwave Oven	867,000	881,000	595,000	198,000	106,000
Sugars-syrups					
Mrs. Butterworth's	253,000	218,000	29,000	74,000	—
Dixie Crystals	193,000	273,000	367,000	311,000	312,000
Imperial Sugar	98,000	123,000	59,000	28,000	56,000
Tobacco-smoking accessories					
Skoal	320,000	1,515,000	—	—	—
Borkum Riff	304,000	308,000	—	64,000	50,000
Captain Black	134,000	84,000	100,000	437,000	641,000
Toiletries-hair products (men)					
Aramis	446,000	643,000	530,000	101,000	376,000
Clinique	389,000	87,000	—	153,000	123,000
Ralph Lauren	206,000	37,000	31,000	202,000	365,000
Tours-travel service					
American Express	10,793,000	7,226,000	8,557,000	5,059,000	2,168,000
Liberty Travel Service	7,872,000	5,356,000	3,853,000	3,312,000	2,155,000
Pleasant Hawaiian	6,093,000	5,572,000	2,334,000	1,183,000	1,507,000
Toys-games					
Mattel*	1,775,000	40,000	1,607,000	2,000,000	722,000
Trivial Pursuits	1,211,000	—	—	—	—
Circus World	85,000	—	—	—	—
*Less video games					
Trucks-campers-vans					
Toyota	4,583,000	1,476,000	1,561,000	1,399,000	218,000
Ford	3,328,000	2,747,000	3,578,000	959,000	1,702,000
Chevrolet	2,630,000	1,481,000	1,267,000	1,966,000	1,215,000

TOP BRAND SPENDERS IN NATIONAL NEWSPAPER SPACE

	1984	1983	1982	1981	1980
Video games					
Mattel Intellivision	$ 82,000	$ 674,000	$3,298,000	$ 186,000	$ —
Wico Joystick	41,000	581,000	266,000	—	—
Atari	35,000	4,224,000	6,830,000	1,361,000	103,000
Vitamins/tonics/reducing aids					
Nutrition Headquarters	2,931,000	2,657,000	2,156,000	1,695,000	1,634,000
Metabolite 2050	1,606,000	393,000	—	—	—
Mannan Trim diet tablets	1,450,000	1,614,000	416,000	—	—
Washers/dryers					
Whirlpool	270,000	407,000	318,000	248,000	353,000
G.E.	248,000	543,000	—	—	71,000
Amana	68,000	29,000	23,000	—	—
Wearing apparel					
Ralph Lauren	2,079,000	2,174,000	1,747,000	843,000	304,000
Hush Puppies	1,355,000	1,876,000	1,290,000	1,636,000	964,000
Jordache	1,150,000	1,679,000	1,326,000	1,036,000	866,000
Wines					
Kobrand	757,000	475,000	60,000	11,000	—
Freixenet	590,000	643,000	70,000	18,000	—
Gallo	456,000	113,000	457,000	65,000	345,000

Estimates prepared by Media Records in 125 markets representing 82% of U.S. total

NATIONAL ADVERTISING INVESTMENTS IN NEWSPAPERS, 1984-1983

Classification	1984	1983	G or L
	(thousands)	(thousands)	(percent)
GENERAL			
Alcoholic Beverages	**$ 105,292.**	**$ 104,425.**	**+0.8%**
Beers	19,424.	19,720.	−1.5
Wines	9,616.	9,728.	−1.2
Liquors	76,252.	74,977.	+1.7
Automotive			
Gasoline & Oil Companies	21,541.	18,770.	+14.8
Leasing & Rentals	61,005.	50,115.	+21.7
Parts, Accessories & Supplies	8,475.	13,326.	−36.4
Passenger Cars (New)	400,631.	326,332.	+22.8
Trucks, Trailers & Mobile Homes	26,840.	22,730.	+18.1
Automotive Not Elsewhere Classified	2,679.	2,088.	+28.3
Automotive Total	**$ 521,171.**	**$ 433,361.**	**+20.3**
Camera, Photo Supplies & Services	**21,690.**	**21,434.**	**+1.2**
Computers, Equipment & Services	**122,427.**	**88,608.**	**+38.2**
Educational	**45,744.**	**42,198.**	**+8.4**
Farm & Garden	**32,885.**	**37,080.**	**−11.3**

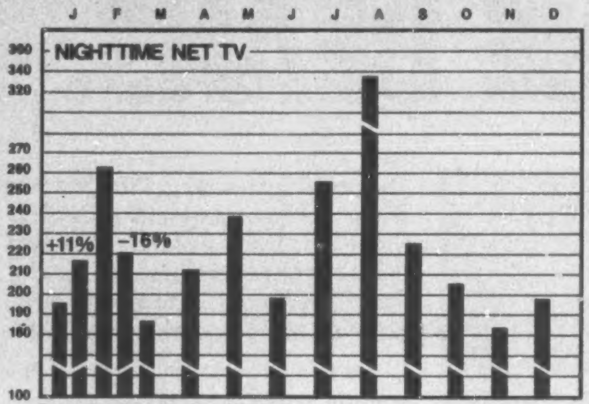
Classification	1984	1983	G or L
	(thousands)	(thousands)	(percent)
Foods	**$ 166,292.**	**$ 187,098.**	**−11.1**
Baby Foods	69.	359.	−80.7
Bakery Goods	14,875.	15,045.	−1.0
Baking Mixes, Flour & Ingredients	1,852.	2,265.	−18.2
Beverages	35,115.	41,651.	−15.7
Coffee	3,305.	4,709.	−29.8
Tea	1,481.	1,939.	−23.6
Fruit & Vegetable Juices	7,419.	8,023.	−7.5
Soft Drinks — Carbonated — Diet	6,435.	5,173.	+24.4
Soft Drinks — Carbonated — Non Diet	10,577.	16,902.	−37.4
Misc. Beverages	5,898.	4,905.	+20.2
Cereals	4,297.	6,821.	−37.0
Condiments	6,432.	9,731.	−33.9
Confectionery & Snacks	9,402.	10,863.	−13.4
Dairy Products	22,172.	22,881.	−3.1
Desserts & Dessert Ingredients	1,250.	1,239.	+0.9
Fruits & Vegetables	8,099.	7,041.	+15.0
Macaroni Products — Uncooked	1,470.	1,837.	−20.0
Meats, Fish & Poultry	25,476.	25,400.	+0.3
Prepared Dinners & Dishes	11,550.	10,544.	+9.5
Shortenings, Oils & Margarines	6,860.	10,488.	−34.6
Soups	1,652.	1,195.	+38.2

Classification	1984	1983	G or L
	(thousands)	(thousands)	(percent)
Sugars, Syrups & Jellies	$ 1,783.	$ 3,654.	−51.2
Misc. Foods	13,938.	16,084.	−13.3
Help Wanted	**104,618.**	**66,298.**	**+57.8**
Hotels & Resorts	**160,265.**	**150,288.**	**+6.6**
Hotels, Motels & Resorts	120,162.	104,072.	+15.5
Resort Area Development	40,103.	46,216.	−13.2
Household Furniture & Furnishings	**21,823.**	**17,245.**	**+26.5**
Floor Coverings	2,521.	3,683.	−31.6
Furnishings	14,774.	10,102.	+46.2
Furniture	4,528.	3,460.	+30.9
Household Heating & Home Heating Equipment	**14,341.**	**16,053.**	**−10.7**
Electric, Gas & Oil Suppliers	3,900.	5,806.	−32.8
Heating & Plumbing Equipment	10,441.	10,247.	+1.9
Household Supplies	**39,941.**	**41,723.**	**−4.3**
Aluminum & Paper Products	2,875.	7,120.	−59.6
Disinfectants & Insecticides	2,544.	4,673.	−45.6
Home Building Materials & Tools	12,407.	10,218.	+21.4
Paints, Wall Coverings & Other Finishes	4,530.	4,367.	+3.7
Soaps, Cleansers & Polishes	12,282.	10,187.	+20.6
Misc. Household Supplies	5,303.	5,158.	+2.8
Household Equipment & Appliances	**79,335.**	**77,017.**	**+3.0**
Air Conditioning	6,055.	5,016.	+20.7
Phonographs, Records, Tapes & Recorders	26,750.	29,051.	−7.9
Radio & TV Sets	12,911.	10,227.	+26.2
Ranges, Stoves & Dishwashers	6,758.	6,292.	+7.4
Refrigerators & Freezers	2,477.	2,475.	+0.1
Small Electrical Appliances	4,523.	5,309.	−14.8
Washers & Dryers	862.	2,152.	−59.9
Misc. Household Equipment & Appliances	18,999.	15,495.	+15.2
Industrial	**49,150.**	**38,520.**	**+27.6**
Aircraft & Equipment	3,119.	2,140.	+45.7
Industrial Area Development	6,199.	3,913.	+58.4
Office Equipment & Stationery Supplies	10,183.	7,968.	+27.8
Industrial Materials & Machinery	13,881.	10,228.	+30.8
Misc. Industrial	16,268.	14,271.	+14.0
Insurance	**53,234.**	**47,220.**	**+12.7**
Life, Health & Medical	45,529.	40,553.	+12.3
Fire, Casualty & Other	7,705.	6,667.	+15.6
Jewelry, Watches & Silverware	**13,258.**	**9,608.**	**+38.0**
Mail Order	**49,242.**	**64,464.**	**−23.6**
Medical Products & Drugs	**34,700.**	**33,710.**	**+2.9**
Cold, Cough & Sinus Remedies	2,568.	5,116.	−49.8
Digestive Aids & Laxatives	1,528.	1,101.	+38.8
Headache Remedies & Sedatives	3,803.	1,302.	+192.1
Vitamins, Tonics & Reducing Aids	21,788.	19,789.	+10.1
Medicated Skin Products	$ 742.	$ 1,412.	−47.5
Misc. Medical Products & Drugs	4,271.	4,990.	−14.4
Pets & Pet Supplies	**8,381.**	**10,149.**	**−17.4**
Pet Foods	6,019.	7,276.	−17.3
Pets & Pet Supplies	2,362.	2,873.	−17.8
Political	**19,171.**	**9,140.**	**+109.8**
Public Service Utilities & Communications	**174,593.**	**135,731.**	**+28.6**
Publishing & Media	**230,462.**	**209,147.**	**+10.2**
Books	37,287.	33,042.	+12.8
Magazines	28,901.	27,954.	+3.4
Newspapers	9,166.	7,166.	+27.9
Radio & TV Stations	155,108.	140,985.	+10.0
Real Estate	**48,273.**	**37,190.**	**+29.8**
Sporting & Leisure Time Equipment	**10,665.**	**18,225.**	**−41.5**
Sporting Goods	6,013.	8,481.	−29.1
Boats & Equipment	661.	583.	+13.4
Hobbies, Toys & Games	3,991.	9,161.	−56.4
Tobacco	**236,354.**	**256,766.**	**−7.9**
Cigars	530.	964.	−45.0
Cigarettes	234,502.	251,932.	−6.9
Tobacco & Smoking Accessories	1,322.	3,870.	−65.8
Toiletries & Toilet Goods	**21,624.**	**35,740.**	**−39.5**
Cosmetics, Make-Up & Manicure Products	7,998.	9,624.	−16.9
Dental Supplies & Mouthwashes	331.	2,307.	−85.7
Feminine Hygienic Products	2,349.	7,058.	−66.7
Men's Toiletries & Hair Products	2,145.	3,225.	−33.5
Men's & Women's Shaving Equipment	1,033.	1,024.	+0.9
Perfumes & Toilet Water	1,782.	2,978.	−40.2
Toilet Soaps, Bath Powders & Deodorants	2,119.	3,011.	−29.6
Women's Hair Products & Treatments	331.	887.	−62.7
Misc. Toiletries & Toilet Goods	3,536.	5,626.	−37.1
Transportation	**526,336.**	**470,363.**	**+11.9**
Airlines	264,223.	247,747.	+6.7
Domestic	165,648.	144,707.	+14.5
International	93,874.	99,872.	−6.0
Cargo	4,701.	3,168.	+48.4
Bus Lines	9,051.	10,817.	−16.3
Railroads	11,525.	8,856.	+30.1
Steamships	88,033.	76,681.	+14.8
Tours & Travel Service	147,031.	120,859.	+21.7
Misc. Transportation	6,473.	5,403.	+19.8
Wearing Apparel	**39,589.**	**49,529.**	**−20.1**
General Not Elsewhere Classified	**344,028.**	**260,062.**	**+32.3**
General Total	**$2,814,296.**	**$2,571,564.**	**+9.4**

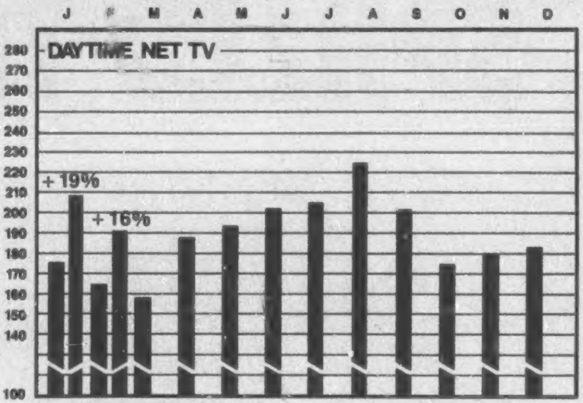
Classifications projected to U.S. totals by Media Records © 1984

MEDIA COST INDEX

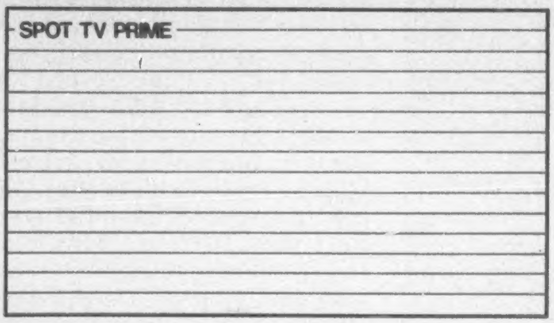
Black bars index for 1983; color bars 1984; base year 1977

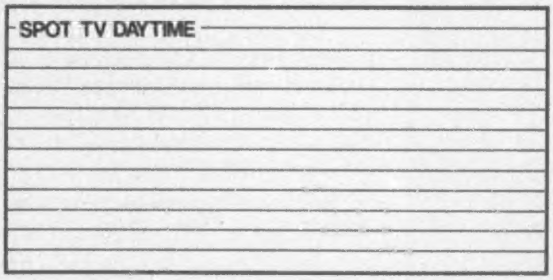


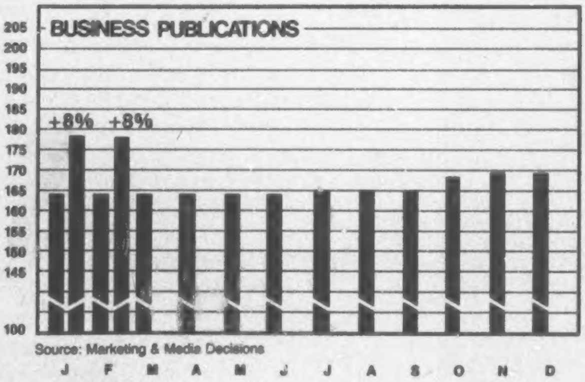
Source: Broadcast Advertisers Reports



Source: Broadcast Advertisers Reports







Source: Marketing & Media Decisions

The February cost index shows a couple of interesting changes from the comparable periods in 1984. One was the 16% decrease in **nighttime network tv.** The reason: rates have settled back after a not-too-surprising jump of 34% for the year-ago month in 1984 caused by advertiser interest in buying against the Winter Olympics. The other was the increase of 6% reported for **spot radio** in the first quarter. Each quarter last year showed a double-digit increase over 1983.

Daytime network tv continued its first-quarter pattern of declines from the previous month, but the relative change over February 1984 (16%) is holding rather close to the January picture.

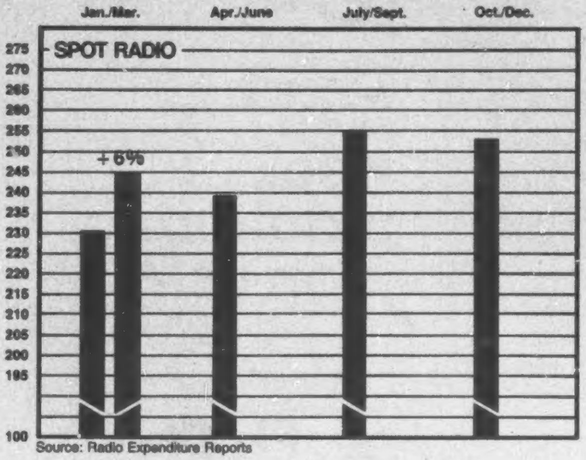
Print media, as is their wont, have settled in for the first quarter. **Outdoor,** indexed at 215, remains 7% ahead of last year. **Newspapers,** at 140, are down one point from January, but the relative change over 1984 remains at +7%. The **national Sunday magazines** held at +10% over the year-ago month. **Consumer magazines** report an 8% increase, down one point from January. **Business publications** have settled in at an index point of 178 (+8% over February 1984). Changes usually start to show at about midyear.

As announced last month, the continuing index for **network radio** will be discontinued until comparable data are again available. This revision in compiling technique instituted by Broadcast Advertisers Reports (adding more networks to the statistical base) should add significantly to the value of the resulting cost-trend line.

The long-awaited series of data to again establish a **spot tv** cost index has been delayed by a mechanical problem, but, hopefully, we will soon be adding bars to the charts reserved for spot tv.

MEDIA COST INDEX (continued)

Black bars index for 1983; color bars 1984; base year 1977



Source: Radio Expenditure Reports

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Spot TV—prime and daytime—Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in 40 national supplements.

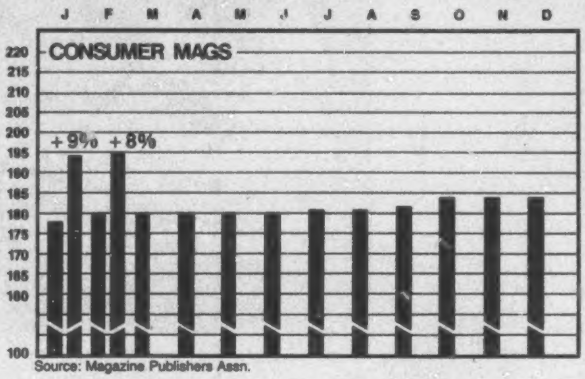
Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

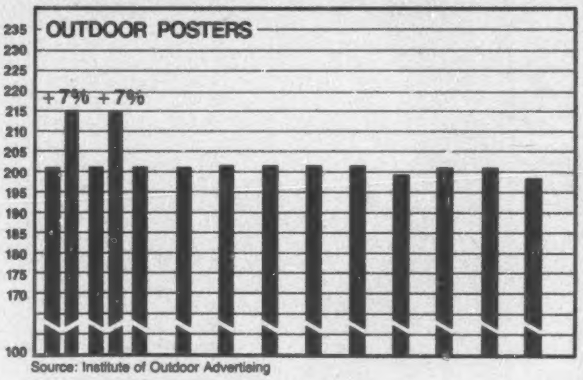
Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

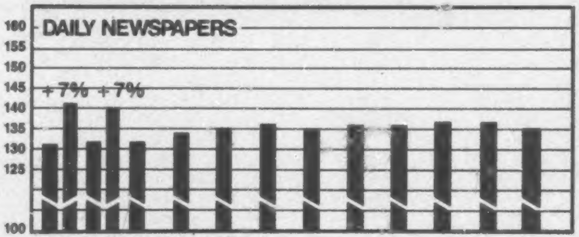
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.



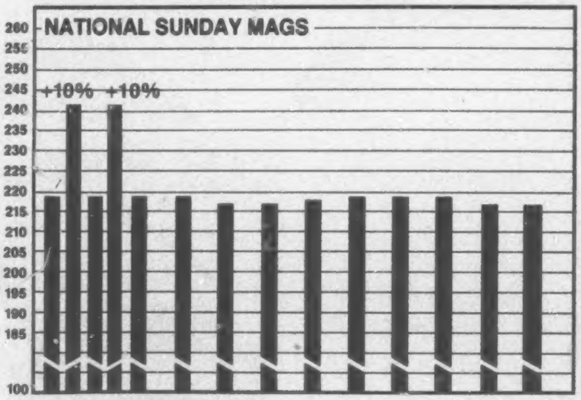
Source: Magazine Publishers Assn.



Source: Institute of Outdoor Advertising



Source: Newspaper Advertising Bureau

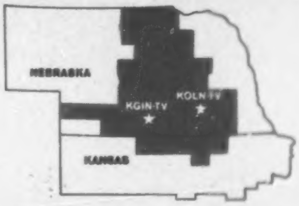


Source: Marketing & Media Decisions

J F M A M J J A S O N D

No doubt about it!

KOLN-TV/KGIN-TV
is one of the
best TV buys
in the top 100 markets.



SECOND IN THE NATION
Prime Time 34%

FOURTH IN THE NATION
Total Day.............................33%

KOLN-TV/KGIN-TV
also dominates early and late news:

6 p.m., Monday-Friday .... 46 share and a 26 rating
10 p.m., Monday-Friday .... 45 share and a 26 rating

Get all the facts and figures about KOLN-TV/KGIN-TV and the Lincoln-Hastings-Kearney market from your Harrington, Righter & Parsons representative.

Television/Radio Age and Arbitron, November, 1984.

A Fetzer Station

KOLN-TV/KGIN-TV
Channel 10 · A CBS Affiliate · Channel 11
LINCOLN, NEBRASKA / GRAND ISLAND, NEBRASKA
1500 FT. TOWER / 1069 FT. TOWER
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WILSON: *Continued from page 94.*

Not all of Wilson's problems are of Pepsi's making. The company is burdened with an internal paperwork system that antedates Pepsi's acquisition of the company, about 15 years ago. For example, when a dealer buys a uniform, the salesman sends the order to a regional warehouse — rather than the plant — which may no longer have a record of the order. Mistakes in athletic goods, such as uniforms, are expensive: "If they come back in the wrong color," says one dealer, "the salesman has to eat them." As a result, he says, Wilson's staff has been reluctant to push for orders.

"We have identified the problem," says Lumley with some discomfort. The company has announced a new "management information system," in other words, a computer for order tracking and shipment consolidation. The order entry system should be functioning by the end of the year.

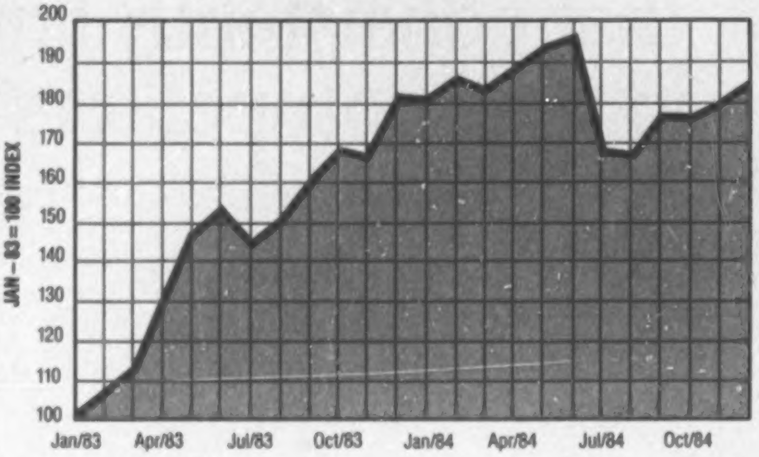
Meanwhile, other sporting goods companies have been exploiting a more effortless way to boost income: licensing. But Wilson seems to have assiduously ignored opportunities over the past five years. "They've missed the boat on so much," exclaims Carr. When running shoes took off several years ago, for example, Wilson plunged into an agreement with Bata, a large shoe manufacturer, ending a relationship with Converse at the same time. The venture was unsuccessful: Rather than develop a specific Wilson line with Bata, the company adopted the existing line, called "Wilson by Bata." The shoe line was abandoned in 1980, after disappointing sales of $16 million in the first year.

Home equipment, too, might have been a licensing opportunity, but may peak as a segment this year. Lumley notes that the company is looking at licensing opportunities, for shoes and equipment. "There's not a hell of a lot you can license that we don't make already," he says. Wilson's major licensee, an apparel line, contributes about $5 million to sales.

"If Wilson had any sense," offers an observer, "they'd shut everything down, license the name, and keep one employee to carry the $150 million to the bank." *Laura Konrad Jereski* come from the machine-specific area: A brief glance at the computer market shows that many brands are not doing so well (Radio Shack, Atari, Commodore, DEC, Wang, Data General, etc.). Yet because growth has slowed down materially, all publication segments will have their victims, including the medical computer magazines, business, software, and dealer publications.

To halt an eroding market share against other media, some computer magazine publishers are participating in a syndicated research project to be conducted by SMRB this fall. It is hoped that this study will produce more cogent arguments for a concentration of ad spending in computer magazines. Echoes *PC World*'s associate publisher Woodard: "This type of research is direly needed." The SMRB computer study, which will provide such readership data as total audience, place or readership, duplication and product usage, will be based on 2,500 in-person interviews.

6. Audited Circulation Pattern
Selected Magazines 1983-1984



Source: 1985 ABC

To solve the problem of the consumer's intransigence with respect to the adoption of personal computers, the industry ought to band together in support of an advertising campaign to educate consumers about computer uses. This strategy would constitute a much wiser investment of mass-media dollars.

Michael Tchong

The market and the media for co-op advertising

The St. Petersburg Times and Evening Independent Co-Op Advertising Manager Mike Thompson and his staff keep retailers informed of your programs, help arrange tie-ins to national or regional campaigns and make sure your dealers know how to file their Co-Op forms. They help in preparing dealer listing ads, provide creative assistance… even organize meetings and workshops for you and your dealers. All in the spirit of co-operation.

The St. Petersburg-Tampa-Clearwater metro area will also cooperate with your sales plans. It's the largest metro market in Florida, second largest in the Southeast.

So call for our free guide to Co-Op… it'll show you exactly how to get some real cooperation from *the* media and *the* market.

evening Independent
Waterfront parki
St. Petersburg Times

St. Petersburg Times
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Co-Op Advertising Manager
813/893-8364
P.O. Box 1121
St. Petersburg, FL 33731

Represented nationally by Story & Kelly-Smith, Inc.

JAGUAR:

continued from page 79.

sales potential is strongest. Jaguar is looking for an increased number of dealers in New York, Florida, San Francisco, Los Angeles, and Chicago, according to Dale.

Location of the new dealerships is being guided by a computerized map showing, where the highest income groups live, and which suburbs have the most high income groups. The computer also tells Jaguar how far customers need to drive to reach a dealership.

"I think that the car consumers wanted to love, but couldn't, is back."

The U.S. market is critical to Jaguar. More than 75% of the world's most luxurious autos are permanently parked in the U.S. And Jaguar is heavily dependent upon this market, which accounts for 55% of total sales. Other car companies, like Mercedes, believe that kind of reliance is too risky. Mercedes only sells 17% of its cars to the U.S. market, thus protecting itself from the ever-fluctuating dollar. Currently, Jaguar has been able to rack up large profits in part because of the strength of the U.S. dollar against the British pound. Last year, Jaguar saw a pre-tax profit of $104.2 million, compared with $57 million in the previous year. If the dollar declined, Jaguar would be faced with having to increase prices to maintain profit margins.

Aware of these pitfalls, Jaguar is looking to mine other markets as well. It has begun to increase its efforts in West Germany and did make some headway last year. Jaguar consumption, though on a tiny base, did increase some 71% over the previous year. The company recorded similarly good sales results in Australia and Canada in 1984.

"On looking back, it doesn't seem that anyone ever thought the company would actually close, even though at one time it was a matter of days," reflects Whitehead. If anything has helped Jaguar to pull through the crisis years, it's been the loyalty of buyers to the nameplate. Despite the hardships, Jaguar's most recent quality tracking study reveals that over 80% of buyers who have owned a Jaguar for a time period of 32 months would buy one again, a percentage Jaguar believes it can still improve.

Jaguar is understandably slow to introduce either new technology or styling.

And Dale estimates that even among those who bought Jaguar during the riskier period, at least two-thirds would not let any of the car's earlier faults drive them away permanently.

Rebecca Fannin

June 1985
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C2950-3 7/22/85

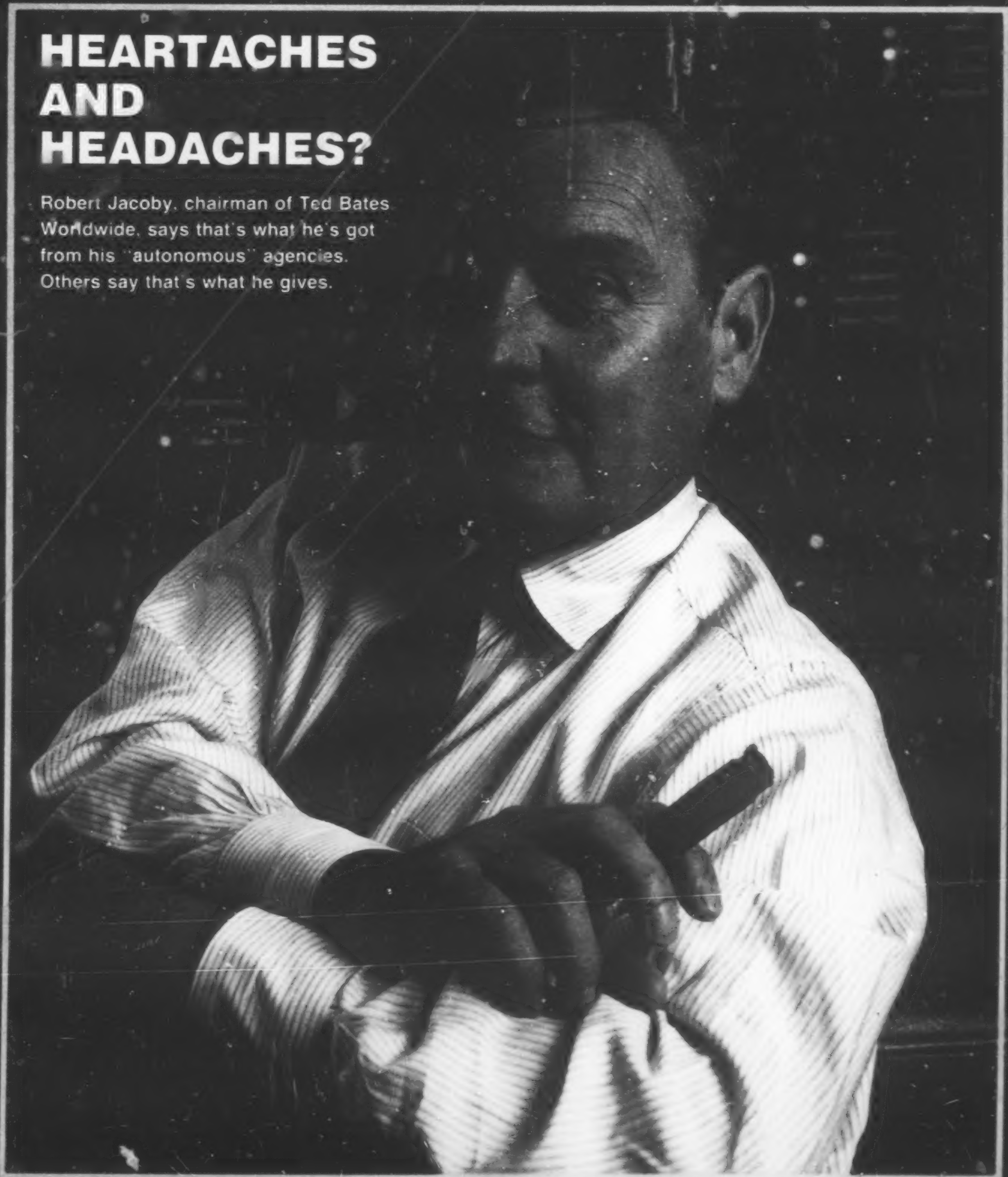
MARKETING & MEDIA Decisions

JULY 1985 • $3.00

THE TOP 200 BRANDS

HEARTACHES AND HEADACHES?

Robert Jacoby, chairman of Ted Bates Worldwide, says that's what he's got from his "autonomous" agencies. Others say that's what he gives.



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With the nets' primetime offerings laid out for all to see, the agencies are now choosing where to place their chips.

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Sears once again leads the list of the top 200 advertising brands. Here's who they were in 1984 and how they spent their money.

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SSC&B found out some surprising things when it experimented with media focus groups for client Citibank.

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Minolta hopes its fully-automatic 35mm camera will push them past industry leader Canon.

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MARKETING & MEDIA Decisions
THE TOP 200 BRANDS

Top 200
(page 45)

ONLY THE HUMAN EYE FOCUSES FASTER.

Minolta
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by Lawrence Barns

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NEW ELECTRONIC MEDIA

Boom continues for VCR's

Nearly 68 million U.S. homes will have videocassette recorders by year-end 1994, claims Paul Kagan Associates' most recent evaluation of the VCR market. That would amount to a projected 68.5% of a potential 99 million tv-equipped households by that year. By the end of 1985, 23.3 million homes will own the technology, a growth of 9.3 million VCR homes over last year-end's total of 14 million. The 1985 figure would represent 27.4% VCR penetration of U.S. tv households (projected at 85 million by this year-end). Over the 10-year span, Kagan projects the growth of VCR homes to stagger above 190%, a total projected growth of 44.6 million VCR-owning homes. By comparison, basic cable tv subscribers, projected at 40.3 by year-end, could grow 48% to a 59.6 million over the 1985-1994 period.

Meanwhile, Link Resources also forecasts major growth for VCR's, along with home computers, cable tv, and telephones for the 1985-89 period. "The U.S. remains robust for the near term," says a recent Link analysis, "but that pattern is expected to parallel the British slowdown by 1986 or 1987." Link estimates that 7.5 million VCR units were shipped in the U.S. in 1984, an increase of 88% over 1983. By 1990, replacement and second-set VCR sales will account for an increase to 13.5 million units, which will be nearly 20% off the installed base at that time. As consumers become more price sensitive, low-end models are coming to the fore. With market share so closely related to price, vendors' margins are shrinking, note Link analysts. To offset this, vendors hope to push consumers up to higher-priced models offering such features as high fidelity and camcorder models, as well as late-generation models which offer enhanced images, longer playing times, and improved interface with other advanced technology.

More changes for Viewtron

Viewdata Corporation of America, whose Viewtron consumer base dropped from 3,100 late last year to a current 3,000, has changed its marketing package again. This time the videotex operator is offering access for $5 per hour to users of personal computers equipped with Viewtron software. The change accompanies Viewtron's launch of a NAPLPS software giveaway as part of a contract to distribute discs for videotex access this year.

The disc company, Addison Information Systems, hopes to put 250,000 of its NAPLPS packages for Commodore home computers on the market by 1986 as a part of a licensing agreement with Viewdata Corporation. VCA, which paid a one-time licensing fee for rights to a customized version of Addison's Commodore software, can now distribute the software in unlimited quantities without paying royalty fees.

Viewtron tried to rally consumer interest in its service with quarter-page ads in the *Miami Herald* and Fort Lauderdale and Palm Beach newspapers, offering free discs. About 1,000 Viewtron subscribers took advantage of the giveaway. However, videotex analyst Gary Arlen cites the skeptics' view that computer buffs could potentially erase those discs and use them for other program purposes.

Kagan's 10-year VCR numbers

Year	Cumulative VCR Homes	% of TVHH	Year	Cumulative VCR Homes	% of TVHH
1985	23.290 mil.	27.4%	1990	55.468 mil.	59.0%
1986	31.511	36.2	1991	58.964	61.7
1987	39.600	44.5	1992	62.099	64.0
1988	46.726	51.3	1993	65.053	66.4
1989	51.417	55.6	1994	67.863	68.5

© 1985 THE VCR LETTER, Paul Kagan Associates, Inc., Carmel, Calif.

Outlook for Home Electronic Media

	1984			1989			Average Yearly Growth***		
Market	IB**	Shipments	Revenues	IB	Shipments	Revenues	IB	Shipments	Revenues
Home Computers	11.4	5.0	$2,255	55.9	11.3	$5,937	78%	25%	33%
VCRs	16.6	7.5	3,643	60.6	9.0	3,600	53%	4%	—
Cable Tv Subscribers	35.5	4.0	3,799	48.4	1.4	7,585	7%	−13%	20%
Telephones	147.0	25.9	1,100	220.0	36.1	1,696	10%	8%	11%

* Units and dollars in millions. Dollar figures are not adjusted for inflation.
** Installed base
*** Represents the percent difference between 1989 and 1984 divided by five years.

FUTURES

Rocky times for micros

A recent survey by Software Industry Bulletin, a publication of Stamford, Conn.-based Digital Information Group, points to problems among the leading microcomputer companies. The group of 29 companies surveyed recorded a net loss of more than $17 million on sales of $1.3 billion in the first quarter. The companies derive at least 50% of their revenues from micro-related products in five major segments of the market: hardware, software, distribution, disk drive makers, and peripherals.

The SIB Market Index underscores the symptoms of the sagging health of the computer segment. Though the seven software publishers polled lead the index with a 12.3% profit margin, much of that is from Lotus. Excluding Lotus, the margin would be less than 3%. Similarly, though average net income leaped 75%, four companies posted net losses. Meanwhile, hardware sales, the key to softwares' future, have gone soft.

FIRST QUARTER SIB MARKET INDEX
(in $ millions)

	Revenue			Net Income		
SOFTWARE PUBLISHERS	**1985**	**1984**	**Change**	**1985**	**1984**	**Change**
Lotus Development	44.7	28.3	58.0%	9.6	7.5	28.5%
Ashton-Tate	27.2	13.5	100.6%	3.1	1.8	78.4%
MicroPro Int'l.	10.0	18.9	−47.1%	−0.67	3.1	−121.3%
Software Publishing	7.2	4.5	59.2%	0.97	0.49	97.2%
Activision	3.8	20.4	−81.1%	−1.2	−6.0	80.6%
Innovative Software	1.5	0.72	110.0%	−0.30	−0.16	−84.0%
American Ed. Computer	0.39	0.50	−20.8%	−0.42	−0.40	−4.7%
Subtotal	94.79	66.82	9.2%	11.08	6.33	75.0%
	Revenue			**Net Income**		
HARDWARE MAKERS	**1985**	**1984**	**Change**	**1985**	**1984**	**Change**
Apple Computer	435.3	300.1	45.1%	10.0	9.1	9.3%
Commodore Int'l.	168.3	326.2	−48.4%	−20.6	36.3	−157.3%
Compaq Computer	97.0	62.9	54.3%	4.6	3.3	41.7%
Convergent Tech.	92.6	55.7	66.4%	0.21	1.8	−88.7%
Altos Computers	30.7	28.9	6.2%	2.7	3.0	−10.0%
Kaypro Corp.	18.6	35.5	−47.6%	0.08	4.0	−97.9%
Fortune Systems	9.8	15.1	−35.0%	−3.8	−3.4	−11.7%
Eagle Computer	2.5	10.0	−74.8%	−1.6	−9.9	83.8%
Subtotal	854.8	834.4	2.4%	−8.61	44.2	−119.5%

Source: Digital Information Group

Toy market will tighten as boomlet grows up

The children of the Baby Boom will soon be putting away childish things, according to a study by Find/SVP, the New York-based information clearinghouse. And that spells bad news for the toy industry.

Last year's results give a mixed reading on the future of the toy market. Manufacturers' sales hit $8.8 billion, a 17% increase over the previous year, and 73% ahead of 1980's $5.1 billion in sales. But, explains Peter Allen, manager of marketing research reports, the industry isn't going to see that kind of boom in the next years. He attributes a projected average annual sales growth of 5% through 1990 to the "aging of the baby boomlet kids." As these children, now mostly under five years old, grow up, their interests will expand to other leisure-time products, such as sporting goods, movies, records and computers.

On the other hand, the type of toys bought last year seems to signal a lasting change: the renewed popularity of traditional toys. Unlike the early years of the decade, when electronic and video games were popular, today's children prefer the toys of old — dolls, board games, even die-cast figures. Sales of dolls and action figures, excluding the new robot toys, have tripled since 1981, to $2 billion last year. And games and puzzles are booming too: Trivial Pursuit, it seems, has spurred such an interest in this old-fashioned pastime that sales doubled last year, hitting the $1 billion mark.

Yet, notes the report, this retro chic sweeping through the industry may be deceiving toy marketers. "Kids are fickle," warns Allen, who points out that "the majority of sales advances are typically provided by products with life cycles of less than three years."

Doing more of what is good for us.

Americans are practicing more health and safety measures, particularly in the areas of stress control, home accident prevention and seat belt use. These trends are revealed in a new Louis Harris survey for *Prevention* magazine.

In its annual measure of the nation's efforts to prevent disease and accidents and promote good health and longevity, *Prevention* gives America a score of 63.2, an improvement of 1.7 points over last year's figure of 61.5. *Prevention* derives the scores on a scale of 0 to 100, looking at the total potential for prevention as measured by 21 key health-seeking behaviors.

Of the health behaviors measured, five showed a statistically significant improvement to last year's survey. Questioning 1,253 randomly selected adults about exercise, diet and nutrition, smoking and alcohol use, safety precautions, stress management and health screenings, the Louis Harris survey finds that what is especially revealing about American lifestyles is the proportion of those who state that they are taking steps to control stress in their lives. These efforts by adult Americans increased by 11 points, a sign that more are recognizing the role stress control plays in maintaining and enhancing health and well-being.

The survey also showed an improvement in efforts to avoid home accidents (up 9 points) as more Americans are seeking to improve home safety. A full 81% now say they take special steps to avoid accidents. Furthermore, 74% now have smoke detectors in their homes, up 7 points from last year.

Of the changes seen in the Harris survey, one of the most significant is the increase in seat belt use, up by 8 points, though the overall use figure is still only 27%. The researchers note that the improvement is particularly important in light of the fact that experts consider seat belt use as third in importance behind not smoking in general and not smoking in bed.

In addition, Americans seem to have driven faster in 1984 than in 1983. This year's survey shows a 4 point drop in the percentage of drivers (52%) who say they always drive at or below the speed limit. Though the researchers note that it is a small drop, it is statistically significant.

On the tobacco front, Harris finds that 72% of adults do not smoke cigarettes, the highest figure for non-smoking ever recorded in its surveys. Though not statistically different from the 70% recorded last year, this rate reflects a 15-point climb over the past decade.

But Harris notes there was little improvement in three areas that have traditionally shown low levels of practice: driving after drinking part of the time, staying within recommended weight range, and getting strenuous exercise.

Newspapers set new records in 1984

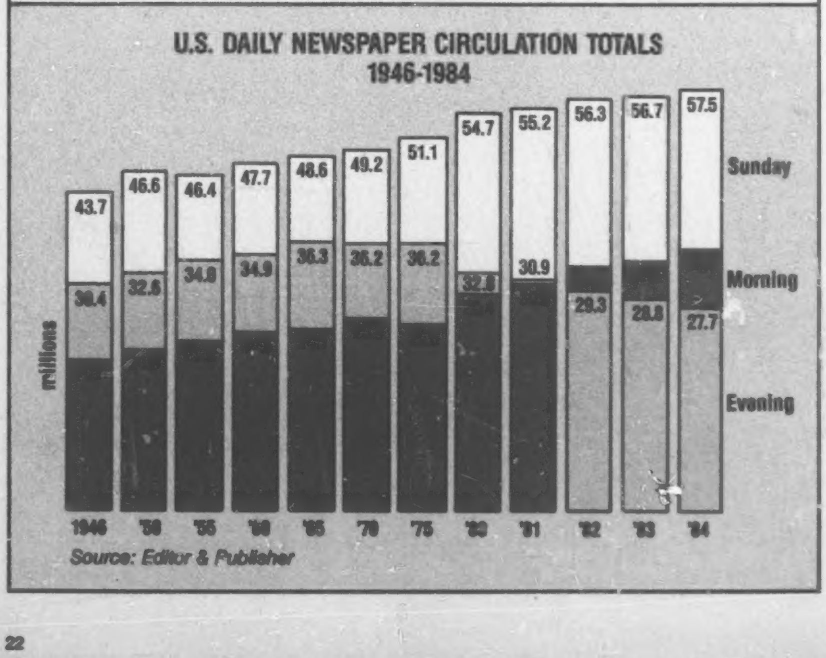
U.S. daily and Sunday newspaper circulation, the number of Sunday newspapers, newspaper advertising volume, and newspaper employment all reached record highs in 1984, according to "Facts about Newspapers '85," compiled by the American Newspaper Publishers Association.

The annual survey notes that daily newspaper circulation increased by almost 700,000 to a new high of 63,340,336. The previous high of 63,147,280 was recorded in 1973.

The number of Sunday newspapers increased by 11 to 783 with a record circulation of 57,511,975, an increase of more than 750,000.

Newspaper advertising volume, meanwhile, increased by more than 15% for the second consecutive year to reach a new high of $23.8 billion, an increase of $3.26 billion.

The ANPA also reports that newspaper employment reached a record of 443,000 in 1984, an increase of 15,000 over 1983 totals.


U.S. DAILY NEWSPAPER CIRCULATION TOTALS 1946-1984

Source: Editor & Publisher

MARKETING & MEDIA Decisions

THE TOP 200 BRANDS

14TH ANNUAL REPORT on national advertising expenditures by brands in each of eight major media in 1983 and 1984

Key advertising decision makers for each brand in company marketing and agency media departments

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Alphabetical index of the 200 most-advertised brands in the U.S.

Total expenditures of the Top 200 in 1981, 1982, 1983 and 1984

Analysis of major trends among the Top 200 Brands

INTRODUCTION TO TOP 200 BRANDS DIRECTORY

THIS REPORT is the fourteenth annual report by *Marketing & Media Decisions* of major brand activity, brand expenditures in each of the eight major media and the key media decision makers for each brand. The report accounts for nearly half the total dollars invested by national advertisers in the eight major national media, which are magazines, national Sunday magazines, newspapers, network tv, spot tv, network radio, spot radio and outdoor.

An alphabetical index, giving the ranking of each brand in order of total expenditures, appears below. The first section of the report shows brand, parent company, categories in which the brand spent most of its dollars and total expenditures in each year, 1981, 1982, 1983, and 1984.

The second section gives individual media expenditures for each brand in 1983 and 1984, categories in which the brand was most active (as defined by Leading National Advertisers), principal agencies, and media decision makers in companies and agencies.

The data are a special compilation by *Decisions* of best available expenditure estimates by Leading National Advertisers (LNA), Publishers Information Bureau (PIB), Broadcast Advertisers Reports (BAR), Media Records, Inc., Radio Expenditure Reports (RER), Institute of Outdoor Advertising and *Decisions* estimates.

Alphabetical index of the Top 200 brands

	Rank
ABC	79
AT&T	3
Advil	164
Alka-Seltzer	150
Allstate	128
American Airlines	34
American Motors	129
American Dairy	154
American Express	18
Ameritech	145
Amoco	200
Amtrak	184
Anacin	69
Apple	27
Aqua-Fresh	181
Atari	182
B	
BMW	111
Bell Atlantic	180
Bell South	134
Benson & Hedges	58
Betty Crocker	92
Black & Decker	174
Blue Cross/ Blue Shield	120
Budweiser	13
Buick	28
Burger King	17
C	
CBS	78
Cadillac	54
Camel	63
Campbell's	77
Canon	32
Century	132
Cheerios	179
Chevrolet	6
Chrysler	24
Clairol	66
Clorox	161
Coca-Cola	20
Colgate	143
Columbia Pictures	90
Columbia Records	101
Commodore	107
Coors	49
Cover Girl	65
Crest	117
Crisco	142
Crystal Light	197
D	
De Beers	176
Del Monte	186
Delta	41
Dodge	12
Duncan Hines	70
Du Pont	82
Duracell	144
E	
Eastern Airlines	60
Estee Lauder	190
Eveready	153
Exxon	170
F	
Federal Express	95
Folger's	108
Ford	5
Franklin Mint	148
G	
GE	33
GTE	91
General Motors	35
Gillette	137
Goodyear	71
H	
Hallmark	93
Hanes	100
Hardee's	151
Hasbro	99
Heineken	138
Heinz	123
Hershey	89
Hertz	187
Hewlett-Packard	172
Honda	19
I	
IBM	9
ITT	165
Ivory	80
J	
Jeep	156
Jell-O	67
Johnson's (J&J)	122
K	
K mart	2
Keebler	159
Kellogg's	11
Kenner	158
Kentucky Fried Chicken	39
Kleenex	106
Kodak	21
Kool	75
Kool-Aid	147
Kraft	16
Kroger	183
L	
LA beer	155
L'eggs	126
Levi's	57
Lincoln	81
Lipton	64
Listerine	162
L'Oreal	73
Lowenbrau	191
Luvs	173
Lysol	116
M	
MCI	88
Marlboro	26
Mastercard	146
Mattel	50
Maxithins	199
Maxwell House	135
Maybelline	109
Mazda	44
McDonald's	7
Meister Brau	194
Mercedes-Benz	98
Mercury	29
Merit	38
Michelob	37
Midas	94
Miller	14
Milton Bradley	171
Mitsubishi	149
Mobil	193
More	102
N	
NBC	103
NCR	160
NYNEX	119
Nabisco	45
Nestle's	68
Nissan	10
Now	140
O	
Oil of Olay	178
Oldsmobile	25
P	
Pacific Telesis	130
Pampers	152
Panasonic	83
Penney's	4
Pepsi-Cola	23
Pillsbury	62
Pizza Hut	46
Plymouth	51
Polaroid	133
Pontiac	31
Post	61
Prudential	169
Purina	22
Q	
Quaker	105
R	
RCA	36
Ragu	189
Red Lobster	124
Renault	52
Republic	195
Revlon	53
Reynolds	167
S	
Safeway	168
Salem	118
Seagram	121
Sears	1
7-Eleven	114
Seven-Up	84
Sharp	188
Shell	166
Sony	157
Southwestern Bell	110
Sprint	177
Sprite	125
Stayfree	175
Sterling	55
Stouffer's	139
Stroh's	72
Subaru	97
Swanson	185
T	
TV Guide	131
TWA	76
TAB	136
Taco Bell	96
Time	115
Toyota	15
True Value	85
20th Century-Fox	113
Tylenol	42
U	
United Airlines	47
U.S. Army	87
U.S. Postal Service	74
Universal City	104
V	
Vantage	43
Vidal Sasson	198
Virginia Slims	127
Volkswagen	40
Volvo	141
W	
Wang	163
Wards	8
Warner	56
Weight Watchers	192
Wendy's	30
Whirlpool	112
Winston	86
Woolworth	196
Wrigley	59
X	
Xerox	48

PRICE OF ENTRY UP 16% FOR TOP 200 BRANDS

The biggest spending increase in nearly a decade was made by the 200 leading advertisers in 1984. The top 200 spent just over $11.8 billion among them — an increase of 18% over 1983 and the largest jump in any year since 1976's 27.5%. It was a real increase, as the media inflation rate for the year was 9.5%, and it was the second big boost in as many years as the leaders were up by 15% in 1983, with a media inflation rate that year of 8.9%.

There were 36 new entries in the top 200 (see table), despite the fact that the entry level jumped 16% over 1983, up to $21,005,000 from $18,110,000. Of the 36 new brands, only three had been in the top 200 in 1982.

Most of the year's big boost in expenditures came from the old regulars. Only three of the new brands were able to crack the first 100 — Sterling cigarettes, at number 55; Levi's, at 57; and Hasbro, squeaking in at number 99. The top 22 spent over $100 million each — a new record.

Sears, the perennial leader, retained the top spot. One change in the top five was made by AT&T, which went from fifth to third as it continued to advertise the new units resulting from the breakup of the old Bell system. The breakup spawned other changes on the top 200 list: Six of the seven regional, corporate groupings created by the phone company made the charts, with each spending within the $23-$37 million range.

There was only one new entrant in the top 10. IBM continued its meteoric rise on the chart, going from 17th place to ninth on the basis of an $86 million increase in spending. It had already risen from 50th to 17th in 1983. And while there was some shuffling of order in the top 25, the only other addition was from the rejuvenated auto industry: Oldsmobile checking in at number 25, after spending some $26 million more than it had the year before.

The most dramatic changes in this year's top 200 came from home electronics and the always volatile field of cigarettes. With the bottom falling out of the electronic games market, Coleco, Texas Instruments and Atari all came crashing down from the lofty heights they had reached in recent years. Coleco reduced its spending from almost $46 million to $19 million, while Texas Instruments went from $68 million to $9 million. Both plunged off the charts. Atari managed to hang onto the 182nd spot, down from 25th.

In cigarettes, the large amount spent by R.J. Reynolds to get Sterling on the list was more than offset by some draconian cuts by other brands. The most noticeable was Players, introduced by Philip Morris to the tune of $65 million in 1983, good for 30th place. It proved to be a shooting star in 1984, disappearing with expenditures of only $17 million. Reynolds' Bright brand took a similar nosedive, spending less than $14 million and going off the chart after finishing 31st in 1983 with over $63 million. B.A.T.'s Barclay dropped from $34 million to $10 million, and finished out of the money. Lorillard brands Kent and Satin took somewhat less dramatic cuts, but fell out of the top 200 as well.

Among the other big budget cutters was S.C. Johnson's, which was 99th in 1983, but nowhere in 1984 after cutting its expenditures in half. Parker Brothers decreased even more, losing its 111th place ranking as it went from $31 million to $13 million. Merrill Lynch was decidedly bearish, dropping its expenditures from $19 million to less than $8 million. Apparently school was out for scandal — *National Enquirer* cut its spending by $4.5 million.

On the more positive side, there were huge increases by nearly all of the top 25. One of the most notable was made by Toyota, which spent about $46 million more to drive up from 19th to 15th place and reverse a cut of $22 million in 1983. The 12 leading advertisers all spent between $34 and $100 million more than they had the year before.

Further down in the leading 200, there were other success stories. Panasonic more than doubled its spending, to go from 199th to 83rd. Seven-Up spent $15 million more, to go from 132nd to 84th. Hanes went from 168th to 100th on the strength of a $17 million increase.

Some auspicious debuts in the top 200 were made. LA beer, the new, low alcohol brew introduced by Anheuser-Busch in 1984, was 155th, with a budget of nearly $26 million. Crystal Light powdered drink mix nearly tripled its expenditures, to squeeze onto the list at 197th. And BMW bounced back on the list after a year's absence. The Bavarian automaker spent $15.5 million more, to finish 111th.

Kevin Baker

Brands that made it, brands that didn't
1984 vs. 1983

The Ins

Advil
Ameritech
Amoco
Amtrak
Bell Atlantic
Bell South
Black & Decker
Blue Cross/Blue Shield
BMW
Crystal Light
Del Monte
Estee Lauder
Hasbro
Heineken
Hertz
Hewlett-Packard
ITT
Jeep
LA
Levi's
Listerine
Maxithins
Meister Brau
Mitsubishi
NCR
NYNEX
Pacific Telesis
7-Eleven
Sharp
Shell
Southwestern Bell
Stayfree
Sterling
Vidal Sassoon
Volvo
Wang

The Outs

Avis
Barclay
Bayer
Bright
Brim
Coleco
Dexatrim
Digital
Dristan
Finesse
Florida citrus
Gallo
Johnson's (S.C.)
Jordache
Kal Kan
Kent
Mennen
Merrill Lynch
The National Enquirer
Nature Valley
New Freedom
Pabst
Paramount
Parker Bros.
Planters
Players
Sanka
Satin
Taster's Choice
Texas Instruments
Texize
Tide
Timex
True
United Artists
Vicks

Top 200 Millionaire Brands
1981-1982-1983-1984

BRAND NAME (PARENT COMPANY)	CLASSIFICATION	1984	1983	1982	1981
1. **Sears** (Sears, Roebuck and Co.)	Retail	$633,261,000	$537,442,000**	$556,068,000	$505,372,000
2. **K mart** (K mart Corp.)	Retail	448,905,000	383,459,000	325,302,000	301,096,000
3. **AT&T** (AT&T)	Communications	422,463,000	303,709,000	161,756,000	171,783,000
4. **Penney's** (J.C. Penney)	Retail	402,352,000	341,990,000	288,563,000	269,621,000
5. **Ford** (Ford Motor Co.)	Cars, trucks	342,924,000	304,768,000	253,733,000	223,505,000
6. **Chevrolet** (General Motors)	Cars, trucks	268,970,000	208,334,000	185,170,000	156,465,000
7. **McDonald's** (McDonald's Corp.)	Restaurants	263,544,000	193,358,000	163,206,000	138,046,000
8. **Wards** (Mobil Corp.)	Retail	212,149,000	178,239,000	167,878,000	170,940,000
9. **IBM** (Intl. Business Machines)	Office machines, computers	189,264,000	103,358,000	46,424,000	31,215,000
10. **Nissan** (Nissan Motors Ltd.)	Cars, trucks	174,046,000	139,529,000	111,258,000	82,529,000
11. **Kellogg's** (Kellogg Co.)	Cereals, bakery goods	158,798,000	116,470,000	96,530,000	90,696,000
12. **Dodge** (Chrysler Corp.)	Cars, trucks	152,033,000	102,957,000	65,376,000	67,067,000
13. **Budweiser** (Anheuser-Busch)	Beer	149,623,000	131,782,000	104,897,000	67,037,000
14. **Miller** (Philip Morris)	Beer	144,699,000	125,028,000	113,276,000	86,108,000
15. **Toyota** (Toyota Motors)	Cars, trucks	141,930,000	96,019,000	118,036,000	121,232,000
16. **Kraft** (Dart & Kraft, Inc.)	Cooking products, dairy, prepared foods	137,895,000	109,875,000	107,051,000	96,902,000
17. **Burger King** (Pillsbury Co.)	Restaurants	134,444,000	89,377,000	65,165,000	48,797,000
18. **American Express** (American Express)	Financial, travel	121,099,000	63,810,000	54,362,000	47,310,000
19. **Honda** (Honda Motor Co.)	Cars, cycles, garden equip.	109,507,000	103,843,000	83,172,000	52,140,000
20. **Coca-Cola** (Coca-Cola U.S.A.)	Soft drinks	107,773,000	73,061,000	55,611,000	46,879,000
21. **Kodak** (Eastman Kodak)	Cameras, office machines	100,440,000	90,585,000	61,987,000	65,126,000
22. **Purina** (Ralston Purina)	Pet food, supplies	100,254,000	107,628,000	94,605,000	63,905,000
23. **Pepsi-Cola** (PepsiCo)	Soft drinks	99,582,000	86,110,000	65,984,000	53,751,000
24. **Chrysler** (Chrysler Corp.)	Cars	98,580,000	115,541,000	101,983,000	81,515,000
25. **Oldsmobile** (General Motors)	Cars	86,078,000	62,079,000**	55,782,000	52,062,000

* New product in first year shown ** Revised figures

Sources

Consumer magazines and national Sunday magazines: Data summarized from the PIB Magazine Analysis prepared by Leading National Advertisers Inc. (LNA) of actual linage run in those publications. Expenditures are based on current one-time gross rates before discounts. Rates for national full-run insertions are based on ad size and coloration. Rates for regional and less than full-run insertions are determined by LNA editors based on circulation and rates supplied by the magazines. Covered are more than 135 consumer magazines and three national Sunday magazines, plus tear sheets of over 1,500 regional editions a year.

Newspapers: Data compiled by Media Records, which measured every ad in 213 daily and Sunday newspapers. Actual linage is multiplied by the applicable one-time general open-line rate. Dollar estimates include newspaper supplements, color comic sections, rotogravure, all color ads. *Marketing & Media Decisions* has added estimates of local expenditures in newspapers by the five leading chain retailers because the extent of their operations makes their brands, in effect, "nationally" advertised as well as distributed.

Network tv and network radio: Data secured by Broadcast Advertisers Reports (BAR), which monitors all network broadcasts except those of the Mutual radio network. Material is collected on audio tape and then translated into a sequential listing. Network tv and network radio rates are based on estimates provided by the three networks of per-minute cost for time and talent.

Spot tv: Data secured by Broadcast Advertisers Reports (BAR) from listening posts in 75 top markets that monitor 303 stations for one week each month. These weekly records are projected to estimates of monthly spot tv usage. Spot tv rates are applied from a station rate deck that is constantly updated by agency buyers. The estimates represent about 90% of the dollars in spot tv.

Spot radio: Data generated by Radio Expenditure Reports (RER) are calculated from a sample of 2,300 stations in 210 markets. RER's sources are 15 leading radio reps handling station groups which supply quarterly computer runs of the spots aired by station, by market, and by brand of product spots aired. Estimates cover more than 90% of total national spot radio.

Outdoor: Data are based on information submitted to Leading National Advertisers (LNA) at the request of the Institute of Outdoor Advertising by outdoor plant operators in markets of 100,000 population or over. Covered is about 80% of total national outdoor advertising expenditures.

Brand dollar estimates are retabulated by *Decisions* by major brand name from the data just described. This represents the one place where brand data from all these sources are presented together. The brand data in greater detail is also available from each of the organizations that compile the data. Leading National Advertisers publishes detailed listings of the information on magazines, national Sunday magazines, network tv, spot tv, network radio, and outdoor. References to LNA classifications are provided throughout this report for further reference in LNA's reports: Company/Brand $; Class/Brand $.

The 200 team

Project editor: Patrick Kelly
Research editors: Kevin Baker,
Susan Holt

BRAND NAME (PARENT COMPANY)	CLASSIFICATION	1984	1983	1982	1981
26. **Marlboro** (Philip Morris)	Cigarettes	$ 84,608,000	$ 70,590,000	$ 75,865,000	$ 59,356,000
27. **Apple** (Apple Computer)	Computers, data processing equipment	83,686,000	27,124,000	9,668,000	9,555,000
28. **Buick** (General Motors)	Cars	78,644,000	60,759,000	48,503,000	45,216,000
29. **Mercury** (Ford Motor Co.)	Cars	77,626,000	71,724,000	39,115,000	45,107,000
30. **Wendy's** (Wendy's International)	Restaurants	75,721,000	52,205,000	33,412,000	26,375,000
31. **Pontiac** (General Motors)	Cars	73,939,000	73,420,000	53,658,000	48,698,000
32. **Canon** (Canon U.S.A.)	Cameras, business machines	72,286,000	52,469,000	42,551,000	33,225,000
33. **GE** (General Electric)	Major appliances	70,598,000	57,691,000	40,675,000	69,998,000
34. **American Airlines** (AMR Corp.)	Passenger travel, air cargo	68,498,000	51,103,000	51,564,000	45,661,000
35. **General Motors** (General Motors)	Corporate, parts	66,993,000	56,203,000	61,465,000	35,211,000
36. **RCA** (RCA Corp.)	Home electronics, records and tapes	65,748,000	51,374,000	32,736,000	57,687,000
37. **Michelob** (Anheuser-Busch)	Beer	64,775,000	37,602,000**	53,597,000	44,847,000
38. **Merit** (Philip Morris)	Cigarettes	64,210,000	41,357,000	66,037,000	75,228,000
39. **Kentucky Fried Chicken** (Reynolds)	Restaurants	63,343,000	51,326,000	44,059,000	36,551,000
40. **Volkswagen** (Volkswagenwerk A.G.)	Cars, trucks	63,042,000	61,906,000**	64,599,000	50,476,000
41. **Delta** (Delta Airlines)	Passenger travel	62,759,000	60,627,000	45,653,000	39,772,000
42. **Tylenol** (Johnson & Johnson)	Medicines	61,963,000	56,847,000	43,987,000	36,766,000
43. **Vantage** (R.J. Reynolds)	Cigarettes	61,368,000	42,419,000	42,087,000	58,393,000
44. **Mazda** (Toyo Kogyo)	Cars, trucks	61,083,000	50,708,000	52,683,000	25,552,000
45. **Nabisco** (Nabisco Brands)	Bakery, prepared foods, confectionery	60,476,000	44,562,000	33,399,000	30,508,000
46. **Pizza Hut** (PepsiCo)	Restaurants	58,995,000	47,868,000	35,737,000	24,574,000
47. **United Airlines** (UAL)	Passenger travel, air cargo	58,906,000	54,017,000	60,455,000	47,497,000
48. **Xerox** (Xerox Corp.)	Office machines, computers	56,054,000	57,655,000	41,734,000	29,532,000
49. **Coors** (Adolph Coors Co.)	Beer	55,364,000	51,205,000	28,179,000	29,819,000
50. **Mattel** (Mattel Inc.)	Games, toys	55,343,000	70,405,000	85,064,000	41,782,000
51. **Plymouth** (Chrysler Corp.)	Cars	53,271,000	32,575,000**	27,164,000	30,397,000
52. **Renault** (American Motors)	Cars	52,875,000	48,883,000	34,026,000	15,199,000
53. **Revlon** (Revlon)	Cosmetics, hair products	52,392,000	43,202,000	30,948,000	28,871,000
54. **Cadillac** (General Motors)	Cars	52,210,000	46,014,000	36,091,000	36,669,000
55. **Sterling** (R.J. Reynolds)	Cigarettes	51,721,000*	—	—	—
56. **Warner** (Warner Communications)	Motion pictures, home electronics, publishing	51,375,000	39,130,000	29,391,000	33,481,000
57. **Levis** (Levi Strauss & Co.)	Clothing	51,041,000	14,120,000	19,191,000	22,598,000
58. **Benson & Hedges** (Philip Morris)	Cigarettes	50,361,000	41,132,000	66,816,000	35,871,000
59. **Wrigley** (Wm. Wrigley, Jr.)	Gum	50,165,000	44,597,000	48,547,000	43,275,000
60. **Eastern** (Eastern Air Lines)	Passenger travel	50,140,000	61,527,000	51,234,000	43,486,000
61. **Post** (General Foods)	Cereals	49,559,000	45,177,000	58,635,000	45,956,000
62. **Pillsbury** (Pillsbury Co.)	Bakery, cooking products, prepared foods	48,732,000	43,705,000	41,550,000	36,480,000
63. **Camel** (R.J. Reynolds)	Cigarettes	47,603,000	39,632,000	37,834,000	34,269,000
64. **Lipton** (Thomas J. Lipton/Lever Bros.)	Prepared foods, beverages	47,188,000	33,033,000	30,947,000	35,111,000
65. **Cover Girl** (Noxell Corp.)	Cosmetics	46,458,000	38,568,000	31,760,000	24,333,000
66. **Clairol** (Bristol-Myers)	Hair products	45,940,000	47,300,000	51,670,000	46,944,000
67. **Jell-O** (General Foods)	Desserts	45,849,000	38,409,000	32,890,000	34,009,000
68. **Nestle's** (Nestle Enterprises)	Confectionery, beverages, cooking products	45,414,000	44,061,000**	28,752,000	33,278,000
69. **Anacin** (American Home Products)	Medicines	45,403,000	44,593,000	55,669,000	44,641,000
70. **Duncan Hines** (Procter & Gamble)	Baking mixes	45,375,000	28,392,000	20,689,000	20,648,000
71. **Goodyear** (Goodyear Tire & Rubber)	Tires, parts	45,323,000	39,203,000	28,630,000	27,570,000
72. **Stroh's** (Stroh Brewery)	Beer	44,937,000	36,896,000	14,052,000	13,127,000
73. **L'Oreal** (Cosmair Inc.)	Cosmetics, hair products	43,901,000	30,243,000	21,182,000	11,947,000
74. **U.S. Postal Service** (U.S. Govt.)	U.S. Government	43,547,000	33,400,000	18,440,000	13,853,000
75. **Kool** (B.A.T. Industries)	Cigarettes, events	43,347,000	46,933,000	74,323,000	19,886,000

* New product in first year shown
** Revised figures

Top 200 Millionaire Brands 1981-1982-1983-1984

BRAND NAME (PARENT COMPANY)	CLASSIFICATION	1984	1983	1982	1981
76. **TWA** (Trans World Airlines)	Passenger travel	$ 43,175,000	$ 39,339,000	$ 39,327,000	$ 37,269,000
77. **Campbell's** (Campbell Soup)	Prepared foods	43,082,000	35,965,000	32,781,000	23,644,000
78. **CBS** (CBS Inc.)	Communications, records and tapes	42,726,000	27,053,000	33,488,000	30,635,000
79. **ABC** (Capital Cities)	Communications	42,657,000	33,987,000	24,989,000	32,145,000
80. **Ivory** (Procter & Gamble)	Soaps, hair products	42,636,000	31,832,000	27,208,000	24,563,000
81. **Lincoln** (Ford Motor Co.)	Cars	41,966,000	23,069,000**	26,793,000	15,680,000
82. **Du Pont** (E.I. du Pont)	Manufactured materials, fibers, fabrics	41,716,000	37,878,000**	32,816,000	39,985,000
83. **Panasonic** (Matsushita Electric)	Small appliances, home electronics, office machines	41,654,000	18,993,000**	15,422,000	11,898,000
84. **Seven-Up** (Philip Morris)	Soft drinks	41,465,000	26,278,000	32,734,000	37,923,000
85. **True Value** (Cotter & Co.)	Hardware retail	41,275,000	33,853,000	28,442,000	23,602,000
86. **Winston** (R.J. Reynolds)	Cigarettes	40,924,000	48,961,000	53,168,000	67,655,000
87. **U.S. Army** (U.S. Army Recruit. Comm.)	U.S. Government	39,974,000	31,125,000	28,265,000	24,239,000
88. **MCI** (MCI Communications)	Communications	39,789,000	35,971,000	22,474,000	9,937,000
89. **Hershey** (Hershey Foods)	Ingredients, candies	39,568,000	23,836,000	23,831,000	20,372,000
90. **Columbia** (Coca-Cola)	Motion pictures	39,481,000	42,090,000	34,041,000	39,831,000
91. **GTE** (GTE Corp.)	Communications	38,468,000	25,691,000	13,009,000	3,033,000
92. **Betty Crocker** (General Mills)	Baking mixes, prepared foods, cooking products	38,165,000	32,553,000	24,100,000	20,628,000
93. **Hallmark** (Hallmark Cards)	Greeting cards	37,902,000	20,899,000	17,520,000	14,541,000
94. **Midas** (IC Industries)	Auto parts and supplies	37,836,000	32,035,000	23,339,000	18,563,000
95. **Federal Express** (Federal Express)	Air cargo	37,573,000	25,178,000	22,705,000	18,577,000
96. **Taco Bell** (PepsiCo)	Restaurants	37,487,000	22,244,000	13,248,000	11,874,000
97. **Subaru** (Subaru of America/Fuji)	Cars	37,479,000	32,508,000	27,158,000	21,422,000
98. **Mercedes-Benz** (Mer.-Benz of N.A.)	Cars	37,467,000	38,911,000	19,718,000	13,041,000
99. **Hasbro** (Hasbro Inc.)	Games, toys	37,171,000	19,537,000	14,741,000	10,251,000
100. **Hanes** (Hanes Corp./Sara Lee Corp.)	Hosiery, underwear	37,122,000	20,376,000**	17,045,000	14,332,000
101. **Columbia Records** (CBS)	Records and tapes	36,821,000	32,574,000	28,574,000	24,655,000
102. **More** (R.J. Reynolds)	Cigarettes	36,730,000	41,394,000	40,822,000	44,106,000
103. **NBC** (RCA Corp.)	Communications	36,668,000	27,703,000**	27,104,000	32,515,000
104. **Universal City** (MCA, Inc.)	Motion pictures	36,060,000	31,337,000	32,894,000	27,598,000
105. **Quaker** (Quaker Oats)	Cereals	35,965,000	34,831,000	23,690,000	16,289,000
106. **Kleenex** (Kimberly-Clark)	Toiletries	35,526,000	27,361,000	24,150,000	20,036,000
107. **Commodore** (Commodore Intl.)	Office machines, computers, electronics	34,915,000	61,221,000	15,610,000	1,228,000
108. **Folger's** (Procter & Gamble)	Coffee	34,770,000	26,281,000	27,651,000	27,209,000
109. **Maybelline** (Schering-Plough)	Cosmetics	34,678,000	30,283,000	28,069,000	29,473,000
110. **Southwestern Bell** (Southwestern Bell Corp.)	Communications	33,975,000	13,437,000	24,951,000	18,592,000
111. **BMW** (Bavarian Motor Works)	Cars, cycles	33,595,000	18,051,000	20,776,000	11,629,000
112. **Whirlpool** (Whirlpool Corp.)	Major appliance	32,749,000	20,225,000	20,286,000	15,337,000
113. **20th Century-Fox** (20th Century-Fox Film Corp.)	Motion pictures	32,722,000	38,330,000	33,988,000	22,727,000
114. **7 Eleven** (Southland Corp.)	Retail	32,672,000	25,879,000	20,732,000	18,982,000
115. **Time** (Time Inc.)	Publishing, media	32,595,000	28,399,000	17,333,000	30,879,000
116. **Lysol** (Sterling Drug)	Cleansers, disinfectants	32,523,000	33,420,000	23,511,000	18,584,000
117. **Crest** (Procter & Gamble)	Dental supplies	32,462,000	37,997,000	39,270,000	45,888,000
118. **Salem** (R.J. Reynolds)	Cigarettes	32,380,000	44,296,000	61,551,000	48,811,000
119. **NYNEX** (NYNEX Corp.)	Communications	32,176,000	18,522,000	18,610,000	11,023,000
120. **Blue Cross/Blue Shield** (Blue Cross/Blue Shield)	Medical insurance	31,663,000	29,136,000	26,010,000	13,199,000

* New product in first year shown
** Revised figures

Top 200 Millionaire Brands 1981-1982-1983-1984

BRAND NAME (PARENT COMPANY)	CLASSIFICATION	1984	1983	1982	1981
121. **Seagram** (Seagram Distillers Co.)	Liquor, wine, soft drinks	$ 31,344,000	$ 26,140,000	$ 34,279,000	$ 39,128,000
122. **Johnson's** (Johnson & Johnson)	Baby products, shampoo, lotions, hygiene	31,157,000	30,134,000	30,451,000	34,704,000
123. **Heinz** (H.J. Heinz Co.)	Condiments, gravies	31,043,000	26,932,000	25,793,000	17,683,000
124. **Red Lobster** (General Mills)	Restaurants	30,981,000	32,898,000	28,626,000	25,814,000
125. **Sprite** (Coca-Cola)	Soft drinks	30,975,000	26,753,000	16,810,000	12,343,000
126. **L'eggs** (Hanes Corp./Sara Lee Corp.)	Hosiery	30,939,000	26,189,000	22,876,000	16,215,000
127. **Virginia Slims** (Philip Morris)	Cigarettes	30,613,000	31,947,000	41,355,000	31,523,000
128. **Allstate** (Sears, Roebuck and Co.)	Insurance	30,380,000	25,950,000	21,491,000	21,280,000
129. **American** (American Motors)	Cars	30,267,000	18,433,000	19,138,000	29,588,000
130. **Pacific Telesis** (Pacific Telesis Group)	Communications	30,220,000	7,224,000	7,952,000	8,857,000
131. **TV Guide** (Triangle)	Magazines	30,083,000	31,250,000	20,902,000	16,202,000
132. **Century** (R.J. Reynolds)	Cigarettes	29,898,000	27,659,000*	—	—
133. **Polaroid** (Polaroid Corp.)	Cameras, video equipment, office machines	29,647,000	33,826,000	37,854,000	40,527,000
134. **Bell South** (Bell South Corp.)	Communications	29,589,000	10,503,000	13,752,000	10,903,000
135. **Maxwell House** (General Foods)	Coffee	29,314,000	31,412,000	51,578,000	45,609,000
136. **Tab** (Coca-Cola)	Soft drinks	29,203,000	24,152,000	19,766,000	16,691,000
137. **Gillette** (Gillette Company)	Toiletries, shaving products	29,180,000	37,593,000	27,139,000	31,885,000
138. **Heineken** (Van Munching & Co. Inc.)	Beer	28,834,000	22,454,000	16,703,000	10,824,000
139. **Stouffer's** (Nestle Enterprises)	Prepared foods	28,776,000	24,795,000	22,637,000	16,741,000
140. **Now** (R.J. Reynolds)	Cigarettes	28,447,000	26,115,000	31,635,000	35,002,000
141. **Volvo** (Volvo AB)	Cars, trucks	28,133,000	19,929,000	12,813,000	14,385,000
142. **Crisco** (Procter & Gamble)	Cooking products	28,029,000	33,492,000	21,850,000	20,885,000
143. **Colgate** (Colgate-Palmolive)	Personal hygiene	28,002,000	35,347,000**	32,359,000	29,691,000
144. **Duracell** (Dart & Kraft)	Household batteries	27,826,000	23,219,000**	20,553,000	16,093,000
145. **Ameritech** (Ameritech)	Communications	27,722,000	11,225,000	12,960,000	15.061,000
146. **MasterCard** (MasterCard Intl.)	Credit card	27,573,000	18,935,000	14,999,000	12,494,000
147. **Kool-Aid** (General Foods)	Soft drinks	27,352,000	26,343,000	20,911,000	24,951,000
148. **Franklin Mint** (Warner Comm.)	Mail order	27,194,000	32,831,000	25,461,000	25,258,000
149. **Mitsubishi** (Mitsubishi Corp.)	Cars, trucks, televisions	26,529,000	21,394,000	8,163,000	3,625,000
150. **Alka-Seltzer** (Miles Labs/A.G. Bayer)	Medicines	26,500,000	21,235,000	18,475,000	21,180,000
151. **Hardee's** (Imasco Ltd.)	Restaurants	26,498,000	18,169,000	11,191,000	8,670,000
152. **Pampers** (Procter & Gamble)	Underwear	26,471,000	24,023,000	20,061,000	19,834,000
153. **Eveready** (Union Carbide Corp.)	Household batteries	26,375,000	23,650,000	25,465,000	31,900,000
154. **American Dairy Association**	Dairy products	26,263,000	22,111,000	23,352,000	18,324,000
155. **LA** (Anheuser-Busch)	Beer	25,827,000*	—	—	—
156. **Jeep** (American Motors)	Cars, trucks, jeeps	25,659,000	23,142,000	13,016,000	10,985,000
157. **Sony** (Sony Corp.)	Home electronics	25,650,000	39,383,000	23,319,000	29,697,000
158. **Kenner** (General Mills)	Games, toys	25,571,000	25,509,000	23,874,000	23,522,000
159. **Keebler** (United Biscuits)	Cookies, crackers	25,557,000	19,482,000	12,110,000	8,785,000
160. **NCR** (NCR Corp.)	Computers	25,501.000	12,027,000	962,000	816,000
161. **Clorox** (Clorox Co.)	Laundry preparations	25,005,000	23,171,000	29,012,000	27,578,000
162. **Listerine** (Warner-Lambert Co.)	Mouthwash	24,944,000	14,408,000	12,650,000	11,333,000
163. **Wang** (Wang Labs Inc.)	Computers, office machines	24,861,000	9,086,000	5,099,000	5,119,000
164. **Advil** (American Home Products)	Medicines	24,628,000*	—	—	—
165. **ITT** (Intl. Telephone & Telegraph)	Communications, computers	24,554,000	14,200,000	15,024,000	2,260,000
166. **Shell** (Royal Dutch/Shell Group)	Gas, oil, pest control	24,427,000	11,217,000	22,548,000	21,466,000
167. **Reynolds** (Reynolds Metals)	Food wraps and foils	24,366,000	23,413,000	13,194,000	9,889,000
168. **Safeway** (Safeway Food)	Retail	24,298,000	22,141,000	21,968,000	23,419,000
169. **Prudential** (Prudential Insurance Co.)	Insurance, finance	24,220,000	24,778,000	15,156,000	14,353,000
170. **Exxon** (Exxon Corp.)	Gas, oil	24,002,000	25,155,000	25,432,000	41,512,000

* New product in first year shown
** Revised figures

Top 200 Millionaire Brands 1981-1982-1983-1984

BRAND NAME (PARENT COMPANY)	CLASSIFICATION	1984	1983	1982	1981
171. **Milton Bradley** (Hasbro, Inc.)	Games, toys	$ 23,963,000	$ 21,670,000	$ 21,321,000	$ 22,309,000
172. **Hewlett-Packard** (Hewlett-Packard Co.)	Computers	23,658,000	14,182,000	5,486,000	4,621,000
173. **Luvs** (Procter & Gamble)	Underwear	23,582,000	18,376,000	20,497,000	17,982,000
174. **Black & Decker** (Black & Decker Man. Co.)	Tools, household supplies	23,549,000	13,595,000	12,222,000	14,011,000
175. **Stayfree** (Johnson & Johnson)	Feminine hygiene	23,416,000	12,025,000	16,520,000	18,250,000
176. **De Beers** (De Beers Con. Mines)	Jewelry	23,166,000	21,167,000	19,624,000	15,326,000
177. **Sprint** (GTE Corp.)	Communications	23,153,000	21,535,000	11,256,000*	—
178. **Oil of Olay** (Richardson-Vicks)	Cosmetics	23,067,000	21,919,000	27,598,000	37,171,000
179. **Cheerios** (General Mills)	Cereals	23,064,000	20,789,000	20,421,000	14,614,000
180. **Bell Atlantic** (Bell Atlantic Corp.)	Communications	22,990,000	6,438,000	10,044,000	8,739,000
181. **Aqua-Fresh** (Beecham)	Toothpaste	22,973,000	24,538,000	27,263,000	21,620,000
182. **Atari** (Atari Corp.)	Games, home electronics	22,933,000	72,694,000	86,338,000	30,660,000
183. **Kroger** (Kroger Co.)	Retail	22,884,000	19,532,000	15,305,000	12,548,000
184. **Amtrak** (Nat. Railroad Passenger Corp.)	Railroad	22,752,000	21,289,000	16,138,000	15,291,000
185. **Swanson** (Campbell Soup)	Meats, poultry, fish, prepared foods	22,159,000	21,376,000	10,944,000	4,122,000
186. **Del Monte** (R.J. Reynolds)	Foods	21,966,000	13,548,000	14,671,000	7,593,000
187. **Hertz** (RCA Corp.)	Car rentals	21,963,000	24,390,000	18,316,000	16,817,000
188. **Sharp** (Sharp Corp.)	Computers, office machines, home electronics	21,897,000	17,387,000	9,617,000	9,915,000
189. **Ragu** (Cheesebrough-Pond's)	Sauces, prepared mixes	21,866,000	19,442,000	24,120,000	16,238,000
190. **Estee Lauder** (Estee Lauder Inc.)	Cosmetics	21,739,000	17,684,000	12,125,000	10,819,000
191. **Lowenbrau** (Philip Morris)	Beer	21,680,000	24,915,000	24,115,000	20,788,000
192. **Weight Watchers** (H.J. Heinz)	Prepared foods	21,640,000	18,110,000	14,440,000	7,585,000
193. **Mobil** (Mobil Oil)	Gas, oil	21,436,000	20,029,000	23,940,000	25,245,000
194. **Meister Brau** (Philip Morris)	Beer	21,308,000	12,224,000*	—	—
195. **Republic** (Republic Airlines)	Passenger travel	21,300,000	27,020,000	21,574,000	11,463,000
196. **Woolworth** (F.W. Woolworth)	Retail	21,280,000	22,135,000	93,517,000	41,796,000
197. **Crystal Light** (General Foods)	Drink mix	21,256,000	7,152,000	436,000*	—
198. **Vidal Sassoon** (Richardson-Vicks Inc.)	Hair products	21,221,000	14,205,000	20,466,000	10,291,000
199. **Maxithins** (Tambrands)	Feminine hygiene	21,075,000	17,057,000	12,418,000	1,087,000
200. **Amoco** (Standard Oil of Indiana)	Gas, oil	21,005,000	14,730,000	15,853,000	16,242,000

* New product in first year shown
** Revised figures

THE INDUSTRY'S MEDIA ALMANAC

MARKETING & MEDIA Decisions
15th
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Directory of Top 200 Millionaire Brands

Media expenditures in eight major media (magazines, supps, newspapers, network tv, spot tv, network radio, spot radio, outdoor) in 1983 and 1984 — Key media decision makers in companies and their agencies. These brands spend about half of total.

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1. SEARS

Sears, Roebuck and Co.

	media dollars 1983*	media dollars 1984
Magazines	$ 23,903,000	$ 17,057,000
Natl. Sun. mags.	397,000	557,000
Newspapers	417,000,000	423,000,000
Network tv	62,706,000	147,951,000
Spot tv	20,866,000	30,947,000
Network radio	9,565,000	7,628,000
Spot radio	2,970,000	6,079,000
Outdoor	31,000	42,000
Total	**$537,442,000**	**$633,261,000**

* revised

Classification: all retail
Marketing/brand management:
Natl ret adv mgr, William Cora
Natl adv srvc mgr, Jack Lewis
Mgr natl media srvcs, Bernie Miller (magazines, broadcast)
Mgr bdcst oper, Barbara Drier
Agencies: Ogilvy & Mather, Chicago
(Hardlines: auto, recreation, home improvements; Business System Centers; network tv prime time buying; spot tv & spot radio buying)
Sr vp-mgmt dir, Bill Whitney
Sr vp-mgmt suprs: John Seifert, Robert Carlton, Robert Vail
Sr vp-grp dir, Allan Mager
Vp-acct suprs: Bob Carleton, Art Schulbaum, Stan Delaney
Sr vp-media dir, Bill Behrmann
Vp-assoc media dirs: Tom Bell, Steve Lonning
Media suprs: Dave Flockencier, Jeanne Johnson, Marilyn Kelly
Asst plnrs: Laurie Segal, Barbara Anderson, Jon Kvill
FCB, Chicago
(Sears Financial Network)
Sr vp-grp acct dir, Paul Vernon
Sr vp-dir of media, Fred Wray
Stern Walters/Earle Ludgin, Chicago
(Direct marketing media)
Sr vp-mgmt rep, Maryanne Friend
Acct suprs: Tom Radioff, Burt Thomas
Vp-media dir, Don Kaminky
Media suprs: John Kacmarek, John Zebell, Linda McLaughlin
Media plnrs: Cynthia Bauer, Jody Oshita
Needham Harper Worldwide, Chicago
(Softlines: home fashions; tv sports: network tv & radio)
Pres, Chicago, C. A. Wolfe
Sr vp-grp acct dir, Robert Levin
Mgmt rep, Thomas Hanft
Acct suprs: Gary Benz (apparel), Carole Black (home fashions), Karen Wagenknecht (merchandise group)
Sr vp-media dir, Michael White
Sr vp-assoc media dir, David Drake
Vp-assoc media dir, Geoffrey McClelland
Media supr, Judith Fischer
Hispania/JWT, Chicago
(Spanish markets)
Sr vp-gen mgr, Caroline Demy (N.Y.)
Acct supr, Kathy Nicolini
Media dir, Nancy Tellet (N.Y.)

2. K MART

K mart Corp.

	media dollars 1983	media dollars 1984
Magazines	$ 11,039,000	$ 14,762,000
Natl. Sun. mags.	—	—
Newspapers	336,000,000	372,000,000
Network tv	23,539,000	42,088,000
Spot tv	7,977,000	12,906,000
Network radic	—	490,000
Spot radio	4,850,000	6,431,000
Outdoor	54,000	228,000
Total	**$383,459,000**	**$448,905,000**

Classification: all retail
Marketing/brand management:
Vp-store plng, R. R. Dejaeghere
Vp-sales & mktg, J. L. Moser
Dir mktg, Edward J. Kreitz
Dir crtv adv, B. Di Bartolomeo
Agency: Ross Roy, Detroit
Exec vp-ret oper, Peter Vetowich
Exec vp-dir crtv adv, Jack Frakes
Sr vp-grp acct supr, Byron Shaffer
Vp-grp acct supr, Roger Sherman
Sr vp-mktg srvcs, Gerald Moody
Vp-grp media dirs: Alfred A. Duz (print), Patricia Cuda (bdcst)

3. AT&T

	media dollars 1983	media dollars 1984
Magazines	$ 53,574,000	$ 78,864,000
Natl. Sun. mags.	2,875,000	2,874,000
Newspapers	24,136,000	47,865,000
Network tv	144,285,000	253,117,000
Spot tv	41,339,000	17,147,000
Network radio	9,512,000	16,344,000
Spot radio	27,949,000	6,216,000
Outdoor	39,000	36,000
Total	**$303,709,000**	**$422,463,000**

Classification: communications (LNA B-140)
Marketing/brand management:
(AT&T Corporate)
Sr vp-pub rel, Edward M. Block
Vp-corp adv srvc, James L. Brunson
Div mgrs, corp adv: David Shaver, Mary Delle Stelzer
(AT&T Technologies)
Adv dir, R. J. Martin
(AT&T Communications)
Vp-con mkts srvcs, R. J. Ranalli
Dir of adv, Kim Armstrong
(AT&T Information Systems)
Vp, Hal Burlingame
Dir of adv, Richard Draper
(AT&T Consumer Products)
Exec dir mktg, Frank Russo
Mgr adv & prom, Lee Blitoh
Agencies: N W Ayer, N.Y.
(corporate/inform)
Exec-vp-exec acct dir, Thomas F. Maxey
Sr vp-mgmt supr, Howard Stoner
Vp-acct supr, John Quigley
Vp-assoc-media dir, Suzanne Kaufmann
(AT&T Communications — long distance residential)
Sr vp-exec acct dir, Stan Mattison
Sr vp mgmt supr, Fred McClafferty
Vp-acct suprs: Anne MacDonald, Victoria Squires
Sr vp-grp media dir, Beth Gordon
Assoc media dir, Mitch Burg
(Consumer Products)
Sr vp-exec acct dir, Ruth A. Salevouris

Sr vp-mgmt supr, Lee Rubin
Vp-acct suprs: Jack Rayher, Linda Stack, Alison Danis
Sr vp-grp media dir, Jane Twyon
Vp-assoc media dir, George Ortiz
(Phone Centers)
Sr vp-exec acct dir, Ruth A. Salevouris
Vp-mgmt supr, Dick May
Sr vp-grp media dir, Jane Twyon
Vp-assoc media dir, George Ortiz
McCann-Erickson, N.Y.
(AT&T Communications)
Sr vp-mgmt rep, Hank O'Brien
Sr vp-acct dir, Tom Driscoll
Acct supr, Eric Keshin
Sr vp-media dir, Ira Carlin
Vp-plng mgr, Vince Tortorelli
Ogilvy & Mather, N.Y.
(AT&T Information Systems)
Sr vp-assoc media dir, Wilma Epstein
Vp-asst media dir, Andrea McAleer
Asst media dir, Susan Collins
Sr vp-grp dir, Kelly O'Dea
Vp-mgmt suprs: Irene Frary, Jeffrey Bertrand, Gary Gigot
Acct suprs: McKeldon Smith, Kathy Moriarty, Mary Gail Senko, Audrey Shuman
UniWorld Group, N.Y.
(Minority marketing)
Vp-acct supr, Linda Dukette
Media dir, Sherri Cherot
Bermudez & Associates, Los Angeles
(Spanish markets)
Vp-acct srvcs, Marguerite Cueto
Media dir, Debra Nason

4. PENNEY'S

J. C. Penney

	media dollars 1983	1984
Magazines	$ 19,745,000	$ 14,033,000
Natl. Sun. mags.	—	179,000
Newspapers	275,000,000	341,000,000
Network tv	31,858,000	34,030,000
Spot tv	15,233,000	12,872,000
Network radio	—	—
Spot radio	134,000	83,000
Outdoor	20,000	155,000
Total	**$341,990,000**	**$402,352,000**

Classification: all retail
Marketing/brand management:
Vp-dir of corp mktg, H. Prindiville
Mgr of mktg comm, William Ferguson
Mgr media srvcs, James F. Boynton
Natl media plnr, Dave Wood
Adv mgr, Edward Hayward (financial services)
Dir of insurance oper, Joseph De Melio
Adv/prom mgr, Rose Baker
(Catalog division)
Sr vp-dir, Rod Birkins
Dir cat mdsg, Julius Debbs
Mgr cat mktg, Demos Zacharia
Dir cat adv & pubs, William Kelly
Agencies: N W Ayer, N.Y.
(retail)
Sr vp-mgmt supr, Charles Meding
Vp-acct supr, Irma Damhuis
Vp-acct supr, James Hanzlik
Sr vp-grp media dir, Jane Twyon
Vp-assoc media dir, Allen Brivic (financial services)
Sr vp-exec acct dir, Ruth Salevouris
Sr vp-mgmt supr, Gerald Coleman
Vp-acct supr, Henry A. Hartwell, III
Vp-assoc media dir, Richard Alcott
D'Arcy MacManus Masius/N.Y.
(catalog division)
Exec vp-grp dir, Stephen R. Seiter
Vp-mgmt supr, Dan Cole
Vp-acct supr, John Roth
Sr vp-media dir, Raymond A. McArdle
Vp-assoc media dir, Doug MacMullan

5. FORD cars & trucks

Ford Motor

	media dollars 1983	1984
Magazines	$ 61,542,000	$ 71,271,000
Natl. Sun. mags.	404,000	28,000
Newspapers	31,714,000	40,529,000
Network tv	133,887,000	122,255,000
Spot tv	61,450,000	96,404,000
Network radio	6,345,000	728,000
Spot radio	4,982,000	7,770,000
Outdoor	4,444,000	3,939,000
Total	**$304,768,000**	**$342,924,000**

Classifications: passenger cars (LNA T-110); trucks (LNA T-120); tractors (LNA T-660)
Marketing/brand management:
(Ford Division)
Gen mktg mgr, T. J. Wagner
Adv mgr, E. B. Ford II
Natl adv mgr, R. J. Gillooly
Dealer adv mgr, Jon Deimel
(Ford Tractor Operations)
Mktg mgr, John Chuchman
Adv/sales prom, A. Pridgeon
Agencies: JWT, Dearborn, MI
(Ford Division)
Exec vp-gen mgr, Joe Schulte
Sr vp-acct dir, Bill Williams
Sr vp-media, Tom Healy
Sr vp-grp media dir, Robert Mancini, (cars/trucks)
Vp-media dirs: Howard Spokes (cars),
Sr vp-bdcst supr, Ron Frederick
Meldrum & Fewsmith, Southfield, MI
(Tractors)
Sr vp-gen mgr, J. C. Bryan
Vp acct supr, R. R. Kracoe
Vp media dir, George Hay
Wells, Rich, Greene, N.Y. & Detroit
(Corporate, aerospace, glass, electrical, land, credit)
Sr vp-mgng dir, Jim Lawrence (Detroit)
Sr vp-corp media dir., Bob Geis (N.Y.)
Vp-media dir, Shel Jones (Detroit)
Hispania/JWT, New York
(Spanish markets)
Sr vp-gen mgr, Caroline Demy
Acct supr, Yvette France
Media dir, Nancy Tellet
Burrell, Chicago
(Black markets)
Mgmt supr, Thomas J. Burrell
Media dir, Nick Howse
Sr media plnr, Zeline Kelly

6. CHEVROLET cars & trucks

General Motors

	media dollars 1983	1984
Magazines	$ 31,560,000	$ 24,771,000
Natl. Sun. mags.	394,000	—
Newspapers	23,472,000	37,935,000
Network tv	93,362,000	114,650,000
Spot tv	42,563,000	70,173,000
Network radio	159,000	268,000
Spot radio	11,337,000	15,585,000
Outdoor	5,487,000	5,588,000
Total	**$208,334,000**	**$268,970,000**

Classifications: passenger cars (LNA T-110); trucks (LNA T-120)
Marketing/brand management:
Gen mgr, Robert D. Berger
Gen dir mktg, Thomas Staudt
Dir natl adv, T. R. Chick
Adv mgrs: S. D. McAvoy (cars), H. J. Cordes (trucks & wagons)
Agency: Campbell-Ewald, Detroit

The expenditures in the eight major national advertising media of the top 200 advertised brands represents about 49% of all dollars invested in those media. For more detailed information on how each brand spends its ad dollars and for how other brands (those with budgets totalling less than $21.0 million in the eight major media) split their budgets, the sources are Leading National Advertisers, Broadcast Advertiser Reports, Media Records, and Radio Expenditure Reports.

Exec vp-acct dir, William J. Tausch
Sr vp-mgmt suprs: Don Williams (small cars), Bud Allen (big cars), Tony Hopp (trucks)
Exec vp-media dir, Louis M. Schultz
Sr vp-assoc media dir, Ronald D. Geskey
Sr vp-dir bdcst buying, Duane Kell
Sr vp-media grp mgr, Karen Ritchie (trucks)
Vp-media grp suprs: Jack Martin, Dennis Ricci (cars)

7. McDONALD's

McDonald's Corp.

	media dollars	
	1983	1984
Magazines	$ 249,000	$ 672,000
Natl. Sun. mags.	—	—
Newspapers	(no data)	(no data)
Network tv	80,931,000	162,462,000
Spot tv	105,025,000	91,454,000
Network radio	781,000	—
Spot radio	2,077,000	3,827,000
Outdoor	4,295,000	5,129,000
Total	**$193,358,000**	**$263,544,000**

Classification: restaurants (LNA G-330)
Marketing/brand management:
Exec vp-mktg, Paul D. Schrage
Vp-natl mktg, David B. Green
Dir of media, Laurie A. Grace
Asst vp-mktg, Emil Teri
Agencies: Leo Burnett, Chicago
Exec vp-media srvcs div, Willard Hadlock
Media dirs: Sally Hunter, Mary Ann Cycyota
Acct dirs: Michael Allen, Jerry Conner
Burrell, Chicago
(Black markets)
Acct dir, Ron Williams
Acct supr, Wendy Potter
Acct exec, Kevin Newell
Media dir, Nick Howse
Media supr, Sharman Davis
Conill Advertising, N.Y.
(Hispanic markets)
Vp-acct dir, Julio J. Castellanos
Vp-acct supr, Charles F. Magee, Jr.
Exec vp-media dir, Bibiana Grau

Four-year trend totals start on page 52.

8. WARDS

Mobil Corp.

	media dollars	
	1983	1984
Magazines	$ 182,000	$ 577,000
Natl. Sun. mags.	—	69,000
Newspapers	168,000,000	201,000,000
Network tv	—	—
Spot tv	9,290,000	10,324,000
Network radio	—	—
Spot radio	754,000	175,000
Outdoor	13,000	4,000
Total	**$178,239,000**	**$212,149,000**

Classification: all retail
Marketing/brand management:
Exec vp-mktg, Charles J. Miller
Exec vp-adv/sales prom, David Snell
Corp media dir, Carol Brewster
Admin adv mgr, E. D. Hawley
Agency: Media Bureau Intl., Chicago
(Media buying)
Pres, Richard Pickett
Vp, Norma Wren
Sr media buyers: Peg Coty, Marilyn Hoarty
Sr print buyer, J. Snyder

9. IBM

International Business Machines

	media dollars	
	1983	1984
Magazines	$27,172,000	$ 62,097,000
Natl. Sun. mags.	1,057,000	2,535,000
Newspapers	11,720,000	33,947,000
Network tv	52,409,000	78,617,000
Spot tv	5,006,000	5,669,000
Network radio	507,000	—
Spot radio	5,474,000	6,386,000
Outdoor	13,000	13,000
Total	**$103,358,000**	**$189,264,000**

Classification: office machines (LNA B-320); computers (LNA B-310)
Marketing/brand management:
Dir adv, C. G. Francis
Mgr corp print, Roger Baker
Mgr corp tv, Michael Gury
(Information Systems Group)
Dir of adv, Antoinette Emerson
Mgrs of adv: Don Butters, Bill Harrison
(National Marketing Div)
Mgr adv, Bob Vatalaro
(National Account Div)
Mgr adv, Bob Blair
(Federal Systems)
Mgr adv, Mary Jo Barnes
(IBM World Trade — A/FE)
Mgr adv, Dick Morris
(Entry Systems Div)
Dir adv & prom, Darby Coker
Mgr adv, Bob O'Leary
(IBM Credit Corp.)
Mgr comm, Peter Lange
(National Distribution Div)
Mgr adv, Zoke Seligsohn
Mgr adv oper, John Godin
Agencies: DDB, New York
Exec vp, Lloyd Highbloom
Vp-acct supr, Ned Brown
Sr vp-mgmt supr, Joe Dell Aquila (ISG)
Exec vp-media & prog, Mike Drexler
Vp-media plng dir, Conant Sawyer
Assoc media plng dir, Shirlyn Mandel
Lord, Geller, Federico, Einstein, N.Y.
Dir acct srvcs, Robert Wells
Sr vp-acct dir, William Wardell
(Corporate)
Sr-mgmt supr, Albert Berger
Vp-mgmt supr, Tina McDermott
Vp-acct supr, Moira Hearne
Acct supr, Tunis Denise
Acct exec, Abby Warner (personal computers)
Sr vp-mgmt supr, C. Dayton Titsworth
Vp-acct supr, Gerry Hyde
Acct coor, Fred Mauer
Acct suprs: Scott Lackey, Martha Pease, Jerry Dyson
Acct execs: Don Kurn, D. de Simone, Debbie Rundlett, David Mozes
Vp-media dir, Marianne Caponnetto
Assoc media dirs: Mark Hintsa (corporate); Larry Orell (personal computers)
Geer, DuBois, New York
(Information Systems Group)
Sr vp-grp mgmt supr, John V. Allen
Vp-mgmt supr, Steve Farricker
Vp-acct supr, Linda Wenger
Acct execs: Brian McAuliffe, Wendy Forman, Harriette Shiland, Zel Bianco, Peter Gordon
Sr vp-media dir, Joy Sliwa
Saatchi & Saatchi Compton, N.Y.
(Collateral materials, audio/visual, direct response programs)
Sr vp-mgmt supr, John Ammon
Sr acct exec, Susan Hills
Acct execs: Anne Bush, Frank Conway, Joan Hutton, Randy Weddle
HCM/New York
(IBM Federal Systems)
Vp-mgmt supr, Jim Waechter
Sr vp-dir of media, Carla Loffredo
Media supr, Merrille Leder
Sr plnr, Amanda Sawyer
Chapman Direct, N.Y.
Vp-acct supr, Frank Galey
Leber Katz Partners
Exec vp, Samuel Eisnitz
Acct grp supr, Charles Zabielski
Wunderman, Ricotta & Kline
Sr vp, Constance Snapp

10. NISSAN cars, trucks
Nissan Motors Ltd.
(includes Datsun)

	media dollars 1983	media dollars 1984
Magazines	$ 13,373,000	$ 15,022,000
Natl. Sun. mags	96,000	169,000
Newspapers	9,276,000	13,248,000
Network tv	33,603,000	50,666,000
Spot tv	53,157,000	85,377,000
Network radio	—	—
Spot radio	10,850,000	7,583,000
Outdoor	1,556,000	1,981,000
Total	**$121,911,000**	**$174,046,000**

Classifications: passenger cars (LNA T-110); trucks (LNA-T-120)
Marketing/brand management:
Vp-mktg srvcs, Bob Kent
Dir adv, Joe Opre
Media plng mgr, Susan Furedi
Agency: William Esty, N.Y.
Sr vp-acct dir, Bob Crothers (L.A.)
Sr vp-media dir, Peter Triolo (N.Y.)
Sr vp-grp media dir, Lucielle Gionet
Assoc media dirs: Patricia Halliwell (N.Y.), Jolene Fredrick (L.A.)
Media supr, (N.Y.), Phyllis Joseph

11. KELLOGG'S products
Kellogg Co.

	media dollars 1983	media dollars 1984
Magazines	$ 6,181,000	$ 651,000
Natl. Sun. mags.	290,000	283,000
Newspapers	2,395,000	1,232,000
Network tv	73,006,000	121,951,000
Spot tv	34,130,000	34,300,000
Network radio	—	—
Spot radio	460,000	370,000
Outdoor	8,000	11,000
Total	**$116,470,000**	**$158,798,000**

Classifications: cereals (LNA F-122), bakery goods (LNA F-160)
Marketing/brand management:
Exec vp-sales & mktg, M. D. Simpson
Vp-mktg, W. H. Weintraub
Agencies: Leo Burnett, Chicago
(RTE cereals)
Exec vp-client srvcs, W. T. Lynch
Sr vp-acct dir, J. M. Jenness
Vp, Del Collins
Exec vp-media srvcs div, Willard Hadlock
Media dirs: Lincoln Bumba, Robert Wisniewski
J. Walter Thompson, Chicago
Sr vp-grp acct dir, J. F. Tukey
Vp-acct dir, M. O. Kurz
Vp-grp acct media dir, Honora Dee

12. DODGE cars and trucks
Chrysler Corp.

	media dollars 1983	media dollars 1984
Magazines	$ 19,327,000	$ 33,307,000
Natl. Sun. mags.	137,000	1,472,000
Newspapers	16,985,000	18,480,000
Network tv	35,608,000	44,117,000
Spot tv	25,271,000	40,756,000
Network radio	2,179,000	2,988,000
Spot radio	2,642,000	9,783,000
Outdoor	808,000	1,130,000
Total	**$102,957,000**	**$152,033,000**

Classifications: passenger cars (LNA T-110); trucks (LNA T-120)
Marketing/brand management:
Vp-mktg, J. A. Campana
(cars and trucks)
Gen mktg mgr, J. B. Damoose
Natl adv mgr, A. C. Kesteloot
Adv mgrs: L. F. Farrell (cars), W. Tracey (trucks), M. O'Malley (fwd plng), J. Kelley (dealer)
Agency: BBDO, Detroit
Exec vp-gen mgr, Bill Kell
Sr vp-mgmt suprs: Bill Oswold (cars), Ken Steadman (trucks)
Sr vp-exec dir media srvcs, Eugene McCarthy
Vp-media dirs: Joe Caponigro (trucks), Ted Zahrfeld (cars)
Vp-mgr tv/radio, Susan Stoll
Vp-media supr, Larry Harrabadian (cars)
Media supr, Mark Lowlands (trucks)
Media mgr-media resources, Fred Sattler

13. BUDWEISER beer
Anheuser-Busch

	media dollars 1983	media dollars 1984
Magazines	$ 5,208,000	$ 2,907,000
Natl. Sun. mags.	—	—
Newspapers	2,242,000	2,246,000
Network tv	68,165,000	93,421,000
Spot tv	30,094,000	29,087,000
Network radio	4,052,000	2,179,000
Spot radio	19,804,000	17,660,000
Outdoor	2,217,000	2,123,000
Total	**$131,782,000**	**$149,623,000**

Classification: beer (LNA-F-310)
Marketing/brand management:
Exec vp-mktg, Michael J. Roarty
Vp-brand mgmt, Jack MacDonough
Grp mktg mgr, Thomas R. Sharbaugh
Sr prod mgrs: Bob Merz, Bob Goughenour (Bud Light)
Vp-corp media, Charles B. Fruit
Dir media srvcs, Tony Ponturo
Agencies: D'Arcy-MacManus Masius, St. Louis
Vp-grp acct supr, Todd Abrams
Sr acct exec, Rich Lalley
Acct execs: Fred Wolter, Mike McNeal
Sr vp-grp media dir, Steve Phelps
Vp-assoc media dir, Beth Seib
Media supr, Carol Grisham
Media plnrs: Sue Aubuchon, Robin Droste
Media assts: Tom Kloeppinger, Tom Westcott
Needham Harper Worldwide, Chicago
(Bud Light)
Sr vp-media dir, Michael White
Sr vp-assoc media dir, David Drake
Sr vp-dir media oper, William F. Heimann
Vp-assoc media dir, Gary Mueller
Media supr, Ellen Robinson
Sr vp-grp acct dir, Ron Bess
Vp-acct supr, John Greening
Acct exec, Stephens Jackson
Asst acct exec, Debra Rosenberg
Acct coor, Ginny Zook
Castor Spanish Intl., N.Y.
(Spanish markets — product)
Pres, Castor Fernandez
Vp-gen mgr, Jorge Reynardus
Media dir, Carlos Delgado
Media asst, Gustavo Gatell
Media buyer, Nieves Diaz

14. MILLER beer
Philip Morris

	media dollars 1983	media dollars 1984
Magazines	$ 1,352,000	$ 1,870,000
Natl. Sun. mags.	—	—
Newspapers	1,556,000	1,279,000
Network tv	84,082,000	104,930,000
Spot tv	22,374,000	18,514,000
Network radio	—	—
Spot radio	15,194,000	17,449,000
Outdoor	470,000	657,000
Total	**$125,028,000**	**$144,,699,00**

Classification: beer (LNA F-310)
Marketing/brand management:
Vp-brand mgmt, Robert A. Toledo
Grp prod dirs: Jerome Schmutte (High Life), Jay R. Neidenberg (Lite)
Brand mgrs: William H. Barrett (Lite), Thomas Gresk (new products)
Agencies: Backer & Spielvogel, N.Y.
(Miller Lite)
Sr vp-grp mgmt rep, Jeffrey Palmer
Exec vp-acct srvcs, Bob Holmen
Exec vp-dir media srvcs, Stephen Leff
Sr vp-media dir, Jay Schoenfeld

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Vp-assoc media dir, Scott Butler

J. Walter Thompson, U.S.A.

(High Life — Creative only)

Sr vp-mgmt dir, Jim Heekin

Vp-acct dir, Marty Susz

Sr acct supr, Andrew Rider

Mingo-Jones, New York

(ethnic markets)

Sr vp-dir client srvcs, Samuel Chisholm

Sr acct exec, Eric Randolph

Acct suprs: William McGugins (High Life), Marty Fortes (Lite)

Media dir, Ray Brown

Media mgr, Deborah Gray

Media buyer, Diane Shelton

15. TOYOTA
cars and trucks
Toyota Motors

	media dollars	
	1983	1984
Magazines	$12,416,000	$ 15,403,000
Natl. Sun. mags.	26,000	147,000
Newspapers	12,571,000	15,535,000
Network tv	22,853,000	18,544,000
Spot tv	42,506,000	83,116,000
Network radio	20,000	54,000
Spot radio	3,343,000	5,263,000
Outdoor	2,284,000	3,868,000
Total	**$96,019,000**	**$141,930,000**

Classifications: passenger cars (LNA T-110); trucks (LNA T-120)

Marketing/brand management:

Gen mgr, Jim Press

Oper vp-sales/mktg/dist, Robert McCurry

Natl adv mgr, Joseph Corey

Natl adv prgms mgr-media, Sylvia Voegele

Agency: DFS, New York

Mgmt reps: Stuart Upson (N.Y.), Jim Lindsey (L.A.)

Exec vp-dir media srvcs, Allen Banks

Sr vp-sr assoc media dir, Louis Capozzoli

Vp-assoc media dir, John Adams

16. KRAFT
Dart & Kraft Inc.

	media dollars	
	1983	1984
Magazines	$ 23,576,000	$ 22,452,000
Natl. Sun. mags.	1,412,000	1,287,000
Newspapers	4,100,000	2,355,000
Network tv	54,758,000	83,456,000
Spot tv	23,160,000	25,557,000
Network radio	1,984,000	1,129,000
Spot radio	866,000	1,625,000
Outdoor	19,000	34,000
Total	**$109,875,000**	**$137,895,000**

Classifications: cooking products (LNA F-110); dairy products (LNA F-130); prepared foods (LNA F-120); confectionery (LNA F-210)

Marketing/brand management:

Exec vp-gen mgrs: Joseph P. Durrett (grocery products), Robert S. Morrison (refrigerated), Joel E. Weiner (new products)

Vp-dir grocery prods, John S. Craig

Grp brand mgrs: Robert Eckhert (natural cheese), Timothy J. Kregor (cream cheese), Hugh Jolly and Mary K. Haben (processed cheese), E. Hilton Hale (jellies/confections), Charles F. Martin (viscous dressings), Karen Scott (dinners/sauces), J. T. Johnston (margarine)

Brand mgrs: D. Sametz, Paul Golden (pourables)

Vp-dir mktg srvcs, James R. Blocki

Dir adv, R. K. Powell

Mgr adv srvcs, W. Landgraf

Asst prod adv srvc mgr, Cassandra Reese

Agencies: FC&B, Chicago

(Retail Food Group)

Sr vp-grp acct dir, J. J. Cerasani

Vp-acct dirs: Terri Shapiro, Pat Mayland

Acct dirs: Laurie Kasdan (dinners), Linda McGivern (sauces), Jean McClaren (confections), Lisa Bellar (new products)

Sr vp-media dir, Fred Way

Grp media dir, Ralph Katz

Media suprs: Katie Donoval, Marian Ceschin

Needham Harper Worldwide, Chicago

(Parkay, fruit spreads, mustard, Philadelphia Brand dressing, Cheez'n Crackers, new products)

Sr vp-grp acct dir, Jack W. Copher

Vp-acct dir, Kathie McKirdy

Vp-acct suprs: V. K. Nelson, Nancy Van Grinsven, Steven Seyferth

Acct coor, Joanne Grabo

Sr vp-media dir, Michael White

Sr vp-assoc media dir, David Drake

Sr vp-dir media oper, William F. Heimann

Vp-assoc media dir, Diane Niederman

Media suprs: Lisa C. Nelson, Vickie Szombathy

JWT, Chicago

(Food service, industrial, cheese, salad products)

Sr vp-grp acct dir, Bruce Beach (retail foods)

Vp-acct dir, Rick Anderson (intl.)

Vp-acct dirs: George Schott, Jerry Johnston, Tim Dorgon (U.S.)

Sr acct suprs: David Lewis, David Blanton, Mac Queen

Acct suprs: Susan Frank, Myron Lyskanwcz, Leslie Berger
Sr vp-media dir, Robert H. Irvine
Sr vp-dir media oper, Ken Ohr
Vp-grp acct media dirs: Robin Lampert, Steve Burger

N W Ayer, Chicago
(Frozen foods)
Sr vp-mgmt supr, Leslie Carothers
Vp-media srvcs dir, Tom Spasari

N W Ayer, N.Y.
(Dairy products group)
Sr vp-exec acct dir, Ruth A. Salevouris
Sr vp-mgmt supr, Kenneth McCarren
Vp-acct supr, Peter Varvara
Sr acct exec, Elizabeth Clement
Sr vp-grp media dir, David Lehmkuhl
Vp-assoc. media dir, Jim Mitchell

Geers Gross, N.Y.
(Dairy products group)
Sr vp-mgmt supr, Dennis Fogarty
Acct suprs: Peter Konigsbacher, Connie Kotlinski, Cheryl Bailey
Sr acct execs: Tricia Benz, Maureen Hutchinson
Exec vp-media dir, Russell Gilsdorf
Vp-assoc media dirs: Joy Gaffigan, Peggy Ianacone
Asst media dirs: Pat Fine, Brian Skelly
Sr plnrs: Sherry Pinkof, Cecilia Pakruda, Scott Bell

Hispania/JWT, Chicago
(Spanish markets)
Sr vp-gen mgr, Caroline Demy (N.Y.)
Acct supr, Kathy Nicolini
Media dir, Nancy Tellet (N.Y.)

Proctor & Gardner, Chicago
(Black markets)
Sr vp-acct supr, Rolfe Kolconay
Vp-media dir, Anthony Moore

17. BURGER KING restaurants

Pillsbury

	media dollars 1983	1984
Magazines	$ 843,000	$ 320,000
Natl. Sun. mags.	—	—
Newspapers	(no data)	(no data)
Network tv	35,642,000	51,316,000
Spot tv	46,823,000	78,116,000
Network radio	810,000	—
Spot radio	4,316,000	3,952,000
Outdoor	943,000	740,000
Total	**$89,377,000**	**$134,444,000**

Classification: restaurants (LNA G-330)
Marketing/brand management:
Exec vp-mktg, Don Dempsey
Vp-adv/prom, Nick Castaldo
Vp-mkt res, Mike McCaffrey
Dirs adv/prom, Tom Kettinger, Tom Kupciunas, Ray Hood Phillips
Dir field mktg, Tom Sawyer

Agencies: J. Walter Thompson, New York
Sr vp-mgmt dir, Tim Arnold
Sr acct suprs: Nancy Hallberg, Robert Horne
Mgmt supr, Nancy Hallberg
Acct suprs: Kendall Crolius, Daniel Katsin
Sr vp-media dir, Richard Kostyra
Sr vp-dir media plng, John Gray
Sr vp-assoc media dir-net neg, Arnold Chase
Vp-assoc media dir, Al Romano
Plnr, Larry Duke

UniWorld Group, N.Y.
(Minority marketing)
Acct suprs: Andy Bonaparte, Jim Miller
Media dir, Sherri Cherot

18. AMERICAN EXPRESS

American Express

	media dollars 1983	1984
Magazines	$15,647,000	$ 20,511,000
Natl. Sun. mags.	895,000	877,000
Newspapers	7,238,000	10,801,000
Network tv	20,597,000	55,690,000
Spot tv	13,649,000	24,342,000
Network radio	3,031,000	2,513,000
Spot radio	2,686,000	6,134,000
Outdoor	67,000	231,000
Total	**$63,810,000**	**$121,099,000**

Classifications: financial (LNA B-150); travel services (LNA T-420)
Marketing/brand management:
Vp adv — worldwide, Richard D. Rosenbloom
(Payment Systems Div)
Vp-FSI mktg srvcs, Joan Bonnett
Dir of adv, Glen Gilbert (cards)
(Service Establishment Marketing)
Supr, Ed O'Hare
(Shearson-Lehman)
Sr exec vp-mktg/natl sales, Joseph J. Plumeri
(Investor's Diversified Services)

For alphabetical index, turn to page 48.

KIWANIS
A MAGAZINE FOR COMMUNITY LEADERS

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VITAL...
STRONG...
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45.9% Top Executive
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34.0% Currently own a computer for their personal home and/or business use
19.5% Plan to purchase a computer within the next year
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(Source: ACMS, Scarsdale, NY, May 1984)
(Complete report available upon request)

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Sr vp-mktg, Jeff Stiefler
Sr vp-field oper, John Kelly
Agencies: Ogilvy & Mather, N.Y.
(IDS, cards, cheques)
Sr vp-grp dir, Shelly Lazarus
Vp-mgmt suprs: Scott Marshall (cards), Steve Gardner (cheques), Keith Bainbridge
Sr vp-assoc media dir, Wilma Epstein
Vp-asst media dir, Linda Fidelman
McCann-Erickson, N.Y.
(Gold cards, Shearson-Lehman)
Sr vp-mgmt rep, Ian Hooper
Vp-acct dir, Tom Beach
Sr vp-media dir, Ira Carlin
Vp-plng mgr, Vince Tortorelli

19. HONDA
Honda Motor Co.

	media dollars 1983	1984
Magazines	$ 19,991,000	$ 15,076,000
Natl. Sun. mags.	459,000	649,000
Newspapers	7,282,000	8,973,000
Network tv	41,529,000	54,944,000
Spot tv	17,976,000	19,620,000
Network radio	2,636,000	2,647,000
Spot radio	10,992,000	6,690,000
Outdoor	2,978,000	908,000
Total	**$103,843,000**	**$109,507,000**

Classifications: motorcycles (LNA G-440); passenger cars (LNA T-110); building equipment (LNA H-520); garden machinery (LNA T-610)
Marketing/brand management:
(passenger cars)
Sr vp, Cliff Schmillen
Natl adv mgr, Eric Conn
(Motorcycles, motor scooters, all-terrain vehicles)
Mgr natl motorcycle adv, Jon Row
Asst natl adv mgr, Wayne Toyoto
Agencies: Needham Harper Worldwide, Los Angeles
Sr vp, Bob Welsh
Sr vp-mgmt rep, Bill Hagelstein
Vp-acct dir, Tom Cavanagh
Acct suprs: Julie Boston, Joan Egan, Tony Andolino
Sr vp-dir of media resources, Emil Iannaccone
Vp-assoc media dir, Stuart de Lima
Dailey & Assoc, Los Angeles
(Motorcycles)
Sr vp-mgmt supr, Don Effler
Vp acct grp supr, Dave Parmenter
Acct supr, Dennis Kanegae
Sr vp-media dir, Marc Feidelson
Vp-assoc media dir, George Troll
Asst media dir, David Acosta
Media supr, Beth Brennan
Wieden & Kennedy/Los Angeles
(Scooters)
Gen mgr, Gary Langstaff
Dir of media, Daniel Hoynacki
Ketchum Advertising, L.A.
(Honda Acura)
Personnel not assigned at press time.

20. COCA-COLA soft drink
(includes Diet Coke, Coke)
Coca-Cola U.S.A.

	media dollars 1983	1984
Magazines	$ 541,000	$ 2,264,000
Natl. Sun. mags.	—	104,000
Newspapers	4,267,000	3,892,000
Network tv	15,355,000	52,705,000
Spot tv	45,010,000	39,404,000
Network radio	—	—
Spot radio	5,075,000	6,135,000
Outdoor	2,813,000	3,269,000
Total	**$73,061,000**	**$107,773,000**

Classification: soft drinks (LNA F-220)
Marketing/brand management:
Exec vp-dir corp mktg, Ira Herbert
Sr vp-mktg, Sergio Zyman
Mktg dirs: William Schermerhorn, Patrick Garner, Michael Biendorff
Brand mgrs: Patrick Meyer (regular), Kevin Jeter (reg/caffein-free) Mike Mainthow (diet), Dan Sayre (diet/caffein-free)
Corp media dir — worldwide, William H. Lynn
Corp media mgr, Terri Buckland
Agencies: McCann-Erickson, N.Y./Atlanta
Exec vp-McC-E Worldwide, William C. Thompson, Jr.
Exec vp-McC-E (N.Y.), John Dooner
Sr vp-mgmt rep, David Clapp
Exec vp-U.S. dir media svcs, Gordon Link
Sr vp-media dir, Ira Carlin
SSC&B, New York
(Diet Coke)
Exec vp-Stephen Norcia
Sr vp-mgmt supr, Rudy Bechtel
Acct supr, Becky Broers
Vp-dir media plng, Janice Clements
Vp-assoc media dir, Alan Jurmain
Castor Spanish Intl., N.Y.
(Spanish markets — corporate/product)
Pres, Castor Fernandez
Vp-gen mgr, Jorge Reynardus
Media dir, Carlos Delgado
Media asst, Gustavo Gatell
Media buyer, Nieves Diaz
Burrell, Chicago
(Black markets)
Mgmt supr, Sarah Burroughs
Acct supr, Frieda Curry
Acct exec, Donna Beasley
Media dir, Nick Howse
Media supr, Michelle Garner

21. KODAK cameras, film
Eastman Kodak

	media dollars 1983	1984
Magazines	$16,315,000	$ 15,914,000
Natl. Sun. mags.	572,000	1,169,000
Newspapers	5,105,000	4,494,000
Network tv	56,454,000	65,707,000
Spot tv	8,649,000	9,224,000
Network radio	726,000	904,000
Spot radio	988,000	1,717,000
Outdoor	1,776,000	1,311,000
Total	**$90,585,000**	**$100,440,000**

Classifications: cameras (LNA G-230); office machines (B-320)
Marketing/brand management:
Vp gen mgr-photographic products grp, W. J. Prezzano
Vp gen mgr-commercial & information systems grp, L. J. Matteson
Vp-dir mktg comm srvcs, Michael J. Forte
Dirs-mktg comm srvcs: B. R. Wilson (film), J. M. Gallery (cameras), R. A. Janssen (paper), J. A. Keegan (commercial/information), G. B. DiNovis (consumer electronics)
Agencies: J. Walter Thompson, N.Y.
Sr vp-mgmt dir, Peter Schweitzer
Sr vp-acct dirs: Jon Tracosas (film, paper, processing), Jo Anne Laine (cameras, business systems)
Acct suprs: Robert Lost, Judi Francis (cameras), Michelle Williams, Cynthia Krimezis (business systems), Warren Milich (film), Pat Ioannides
Acct reps: Neville Smythe, Diane Wainwright, Mari Hayes, Ann Poque-Campbell, Kathy Ordan, Bobbie Schanz
Sr acct suprs: Gary Steele (cameras), Mitchell Brooks (film), Ernest Emerling (intl.), Howard Holder, Bill Mick (business systems)
Sr vp-media dir, Richard Kostyra
Sr vp-dir media plng, John Gray
Sr vp-ntwk bdcst, John Sisk
Vp-assoc media dirs: David Murphy, Gwyn Kaufman
Young & Rubicam, N.Y.
(instant photography, copiers)
Sr vp-mgmt supr, Mitchell Kurz
Vp-acct supr, Paul Arby
Acct exec, Susan Santinelli
Sr vp-media grp supr, George Sharpe

McCann-Erickson, N.Y.
(consumer electronics)
Acct supr, Gina Gordon
Sr vp-media dir, Ira Carlin
Vp-plng mgr, Vince Tortorelli
Rumrill-Hoyt, Rochester, NY
(Floppy disk, Carousel, consumer products trade, professional, photofinishing)
CEO, Joseph M. Valerio
Sr vp-dir client srvcs, Donald B. Weber
Sr vp-grp mgr, David A Fisher
Vp-assoc grp mgr, Vicki Lewis
VP-media dir, William Mackey
Assoc media dir, Don Cramer

22. PURINA pet food
Ralston Purina

	media dollars 1983	1984
Magazines	$ 12,125,000	$ 12,092,000
Natl. Sun. mags.	1,102,000	433,000
Newspapers	1,565,000	1,030,000
Network tv	76,838,000	76,786,000
Spot tv	15,825,000	9,372,000
Network radio	—	232,000
Spot radio	37,000	280,000
Outdoor	136,000	29,000
Total	**$107,628,000**	**$100,254,000**

Classification: pet food/supplies (LNA G-500)
Marketing/brand management:
Vp-dir mktg, Pat McGinnis
Vp-dir of adv, William M. Claggett
Dir Checkerboard mktg, George Cook
Dir adv srvcs, Jack Shubert
Spec proj dir, F. Lee Zingale
Corp dir media, Don Martin
Media dir (Checkerboard Adv.), Linda Pavlenko
Agencies: Wells, Rich, Greene, N.Y.
(Dog Chow, TenderVittles, Butcher's Blend, Moist 'n Chunky, Catviar)
Exec vp, James Weinstein
Sr vp grp head, Dick Byrne
Sr vp-corp media dir, Robert Geis
Vp-plng srvc dir, Mike Haggerty
Vp-plng grp head, Pat Casa
Della Femina, Travisano & Partners, New York
(Meow Mix, new products – creative)
Chmn, Jerry Della Femina
Gardner, St. Louis
Pres, C. Kelly O'Neill
Sr vp-gen mgr, Larry Noedel
Vp-mgmt reps: John Fox, Bill Lahrmann
Advanswers Media/Programing, St. Louis, New York, Los Angeles
(Sub. Gardner Advertising)
Pres., Donald Stork
Ntwk subsidiary, Paul Schulman Co. (N.Y./L.A.)
Pres, Paul Schulman (N.Y.)
Averett, Free & Ginsberg, N.Y.
(Cat food, cereals)
Sr vp-mgmt supr/Cat Chow, Larry Riegel
Vp-mgmt supr/cereals, E. Bingo Wyer
Sr vp-media, Ed Weiner
Tatham Laird & Kudner, Chicago
(Happy Cat, new products)
Sr ptnr, John Wells
Mgmt suprs: Tom Hazlett, John Beam
Acct suprs: Bob Janssen, Lisa Barnett
Sr prtnr-dir media oper, Phil Gerber
Grp media dir, Joanne Franck
Media supr, Bernie Cognac
Don Tennant, Chicago
(Thrive, new products)
Pres-ceo, Elizabeth Harrington
Vp-mgmt dirs: Uwe Wende, Guy Bentivenga
Acct supr, John Berka
Acct exec, Randy Mohr
Vp-dir media srvcs, [illegible] Epstein
TBWA, New Yo[illegible]
(Cracker Jacks c[illegible], new products)
Pres, Richard Coste[illegible]
Exec vp, William Oakey
Vp-mgmt supr, Mark Polan
Acct dir, Maria Bettyametti
Acct exec, Becky Burnett
Sr vp-media dir, Claude Fromm
MCA Advertising, N.Y.
(Hi-Pro, Mainstay, new products)
Pres, William Bishop
Exec vp-acct mgmt, Warren Doechter
Sr vp-media dir, Dawn Sibley
Assoc media dir, Janet Shechter
Sr media plnrs: Molly Hood, Marianne Card

23. PEPSI-COLA
(includes Diet Pepsi, Pepsi Light, Pepsi Free)
PepsiCo

	media dollars 1983	1984
Magazines	$ 62,000	$ 851,000
Natl. Sun. mags.	—	—
Newspapers	3,710,000	3,317,000
Network tv	18,267,000	24,964,000
Spot tv	55,779,000	59,468,000
Network radio	—	—
Spot radio	6,608,000	9,324,000
Outdoor	1,684,000	1,658,000
Total	**$86,110,000**	**$99,582,000**

Classification: soft drinks (LNA F-220)
Marketing/brand management:
Pres Pepsi-Cola U.S.A., Roger Enrico
Exec vp-dir of mktg/sales, John Costello
Sr vp-creative srvcs, Allan Pottasch
Vp-mktg, Dan Clark
Adv mgr, Jeff Myers
Media dir, Henry V. Hayes
Natl media mgr, Ron Mednick
Agency: BBDO, New York
Exec vp-sr mgmt rep, Gary DePaolo
Vp-mgmt supr, Bill Katz
Exec vp-dir of media srvcs, Arnie Semsky
Sr vp-dir of media plng srvcs, Mike Drake
Sr vp-dir ntwk tv & prog, William Croasdale
Vp-assoc media dir, Ivan Becker
Vp-ntwk supr, Stewart Shlossman
Ntwk buyer, Diane Lattanzi
Media suprs: Rene Goldmuntz, Tom O'Brien
Media plnr, Oscar Fojas
Mingo-Jones, New York
(ethnic-creative)
Sr vp-dir client srvcs, Samuel Chisholm
Acct exec, Eric Randolph
Hispania/JWT, New York
(Spanish markets)
Sr vp-gen mgr, Caroline Demy
Acct supr, Yvette Franco
Media dir, Nancy Tellet

24. CHRYSLER cars
Chrysler Corp.

	media dollars 1983	1984
Magazines	$ 17,609,000	$ 13,272,000
Natl. Sun. mags.	—	113,000
Newspapers	14,168,000	15,934,000
Network tv	35,672,000	29,229,000
Spot tv	38,380,000	27,270,000
Network radio	680,000	1,126,000
Spot radio	6,358,000	8,922,000
Outdoor	2,674,000	2,714,000
Total	**$115,541,000**	**$98,580,000**

Classification: cars (LNA T-110)
Marketing/brand management:
Vp-mktg, J. A. Campana (corporate)
Corp adv mgr, J. L. Hickey
Adv mgr, T. Pride (cars)
Gen mktg mgr, A. C. Liebler
Natl adv mgr, M. V. Howe

Four-year trend totals start on page 52.

Adv mgrs: G. Hunt, R. Zarowitz (fwd plng), A. Imber (dealer)
Agencies: Kenyon & Eckhardt, Detroit
Exec vp, George F. Beech
Sr vp-mgmt suprs: J. P. Hickey (dealer assn), J. Krausmann
Vp-acct supr, J. A. Jacobs
Sr vp-media dir, P. D. Matz
Sr vp-dir media plng, E. E. Kruger
Vp-corp media cont dir, S. Kulczycki
Assoc buying dir, P. Iverson (corporate)
Exec vp-gen mgr, George F. Beech
Sr vp-mgmt supr, W. J. Shea
Acct supr, R. Lytle
Sr vp-media dir, P. D. Matz
Sr vp-dir media plng, E. E. Kruger
Ross Roy, Detroit
(Corporate merchandising/advertising: new car annct shows, dealer training, direct mail; Chrysler Marine, Service & Parts Operation, Fleet Operations, Diversified Operations, and Chrysler Institute)
Exec vp, Richard C. Ward
Sr vp, J. V. Vehko
Sr. vp & gen mgr Ross Roy Prods, R. J. Oliver
Vp-grp acct suprs: D. F. Baldwin, T. W. Kemper, J. A. Sanfilippo, D. C. Scheich
Vp-acct suprs: G. T. Abdullah, C. L. Reid, R. B. Smith, M. P. Webster, R. H. West
Sr vp-media dir, G. N. M. Moody

25. OLDSMOBILE cars
General Motors

	media dollars 1983*	media dollars 1984
Magazines	$ 9,124,000	$14,829,000
Natl. Sun. mags.	—	—
Newspapers	12,168,000	16,403,000
Network tv	12,084,000	15,807,000
Spot tv	24,522,000	36,347,000
Network radio	184,000	—
Spot radio	3,493,000	1,464,000
Outdoor	504,000	1,228,000
Total	**$62,079,000**	**$86,078,000**

* revised

Classification: cars (LNA T-110)
Marketing/brand management:
Gen mgr, W. W. Lane
Gen sales mgr, J. F. Mattox
Dir mktg, R. L. Ross
Adv mgr, W. R. Lynch II
Asst advtg mgr, Ray Juracek
Agency: Leo Burnett, Southfield, MI
Exec vp-gen mgr, John C. Ryan
Vp-acct supr, Roger K. Bailey
Acct dir, Thomas J. Boyle
Vp-media dir, Joe Henry

26. MARLBORO cigarettes
Philip Morris

	media dollars 1983	media dollars 1984
Magazines	$39,159,000	$39,756,000
Natl. Sun. mags.	3,154,000	1,291,000
Newspapers	11,062,000	29,328,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	17,215,000	14,233,000
Total	**$70,590,000**	**$84,608,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-brand prom, Robert Fitzmaurice
Grp dir, Bob Roper
Brand mgr, Richard Stirlin
Vp-media, James L. Thompson Jr.
Agency: Leo Burnett, Chicago
Sr vp acct dir, Jim Oates
Vp acct dir, Peter Volz
Acct supr, Tom Dudreck
Exec vp-media srvcs div, Willard Hadlock
Vp-media dir, Bob Houghtlin

27. APPLE
Apple Computer

	media dollars 1983	media dollars 1984
Magazines	$ 7,041,000	$21,468,000
Natl. Sun. mags.	—	113,000
Newspapers	5,123,000	8,026,000
Network tv	11,185,000	42,753,000
Spot tv	1,489,000	2,798,000
Network radio	—	—
Spot radio	2,230,000	8,382,000
Outdoor	56,000	146,000
Total	**$27,124,000**	**$83,686,000**

Classification: computers and data processing equipment (LNA B-311)
Marketing/brand management:
Exec vp-mktg, Bill Campbell
Mgrs adv/sales prom: Bruce Mowery (domestic), Paul Wiefels (intl.)

For alphabetical index, turn to page 48.

Buy
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Agencies: Chiat/Day, S.F./L.A.
Sr vp-acct dir, Gregg Helm
Acct dir, Bob Pinzler
Vp-media dir, David Yoder (S.F.)
Vp-assoc media div, Camille Johnson
Assoc media dir, Steve Davison
Vp-ntwk buying, Joan Perella (N.Y.)
BBDO/West, San Francisco
(international)
Vp-media dir, Ron Harrison
Vp-mgmt supr, Peter Gilson

28. BUICK cars
General Motors

	media dollars 1983	1984
Magazines	$10,658,000	$14,853,000
Natl. Sun. mags.	153,000	237,000
Newspapers	10,036,000	14,915,000
Network tv	17,797,000	17,520,000
Spot tv	19,394,000	24,964,000
Network radio	1,723,000	5,367,000
Spot radio	161,000	530,000
Outdoor	837,000	258,000
Total	**$60,759,000**	**$78,644,000**

Classification: cars (LNA T-110)
Marketing/brand management:
Vp-gen mgr, D. E. Hackworth
Gen sales mgr, W. J. Atkinson
Asst gen sales mgr, R. J. Adams
Dir adv, Harold E. Savage
Agency: McCann-Erickson, Detroit
Exec vp, Gerald C. Atkin
Sr vp-mgmt supr, Jan Starr
Vp-acct suprs: Richard Hill, Mike Wilberding, Hal Randall
Vp-media dir, W. Brien Schweikart

29. MERCURY cars
Ford Motor

	media dollars 1983	1984
Magazines	$13,261,000	$15,023,000
Natl. Sun. mags.	652,000	—
Newspapers	6,692,000	6,496,000
Network tv	32,315,000	33,997,000
Spot tv	17,925,000	20,957,000
Network radio	—	—
Spot radio	58,000	865,000
Outdoor	821,000	288,000
Total	**$71,724,000**	**$77,626,000**

Classification: passenger cars (LNA T-110)
Marketing/brand management:
Gen mktg mgr, Edsel B. Ford II
Adv mgr, Thomas B. Ryan, Jr.
Agency: Young & Rubicam, Detroit
Exec vp-grp dir, John Sanders
Sr vp, C. E. Riley
Sr vp-media dir, Ken Pool

30. WENDY'S restaurants
Wendy's International

	media dollars 1983	1984
Magazines	$ 467,000	$ 15,000
Natl. Sun. mags.	—	—
Newspapers	(no data)	(no data)
Network tv	$18,683,000	34,688,000
Spot tv	31,036,000	38,818,000
Network radio	—	—
Spot radio	900,000	489,000
Outdoor	1,119,000	1,711,000
Total	**$52,205,000**	**$75,721,000**

Classification: restaurants (LNA G-330)
Marketing/brand management:
Exec vp-mktg, William Welter
Vp-natl mktg, Bruce Ley
Vp-field mktg, Don Calhoon
Vp-corp comm, Denny Lynch
Vp-mktg anal/new prods, Michael Sapencia
Agencies: DFS, New York
Exec vp-mgmt dir, Joseph Mack

Last year, Glamour ran 124 pages of health and medical science editorial.

GLAM

A Condé Nast Package Magazine. Copyright 1985 by The Condé Nast Publications, Inc. Source: R. Hall 1984.

Sr vp-mgmt suprs: Robert Reed, Charles Rath
Exec vp-dir mktg srvcs, Allen Banks
Sr vp-sr assoc media dir, Ira Weinblatt
Vp-assoc media dir, Peter Regan
Lockhart & Pettus, New York
(Black ethnic program)
Sr vp-dir client srvcs, Ronn Harris
Acct coor, Alicia Evans

31. PONTIAC cars

General Motors

	media dollars 1983	1984
Magazines	$11,684,000	$ 7,502,000
Natl. Sun. mags.	—	—
Newspapers	6,062,000	8,557,000
Network tv	19,696,000	20,733,000
Spot tv	33,935,000	34,878,000
Network radio	—	—
Spot radio	1,536,000	1,480,000
Outdoor	507,000	789,000
Total	**$73,420,000**	**$73,939,000**

Classification: cars (LNA T-110)
Marketing/brand management:
Gen mgr, J. Michael Losh
Gen sales/srvc mgr., E. M. Schlesinger
Asst gen sales/srvc mgr, W. E. Enockson
Adv mgr, C. A. Curry
Agency: D'Arcy MacManus Masius/ Bloomfield Hills, MI
Vice chmn, Robin Smith
Sr vp-dir mktg & res, Charles Stannard
Sr vp-mgmt supr, Mark Gjovik
Vp-acct suprs: George Acree, Randall Wood, Patricia Aulgur, Michael Valent, Jay Houghton
Sr vp-media dir, George Rogers
Assoc media dir, Steve Daniel
Vp-grp media dir, Ed Coosai

32. CANON products

Canon U.S.A.

	media dollars 1983	1984
Magazines	$16,310,000	$23,978,000
Nat. Sun. mags.	—	—
Newspapers	163,000	3,887,000
Network tv	26,295,000	33,217,000
Spot tv	7,440,000	8,212,000
Network radio	1,507,000	2,050,000
Spot radio	344,000	526,000
Outdoor	410,000	416,000
Total	**$52,469,000**	**$72,286,000**

Classifications: cameras (LNA G-230); business machines (LNA B-330)
Marketing/brand management:
Dir. of adv, H. Hirai
Adv mgrs: T. Hirasawa (cameras), K. Kikuchi (copiers), H. Iwanami (calculators), E. Yoshinari (videos)
Agencies: Grey, New York
(cameras, business machines)
Exec vp-acct mgmt, W. Overend
Exec vp-dir media & prog, Alec Gerster
Vp-assoc media dirs: Russ Booth (cameras), Jack Jadick (business machines)
DYR, New York
(cameras, copiers, calculators)
Vp-mgmt supr, Frank Savarese (cameras)
Mgmt supr, Chris Gibson (copiers)
Acct supr, John Yoon (calculators)
Vp-dir media srvcs, Bill Barrett
Media grp suprs: Lilyann Elmatch, John Montegari

Trend comments on page 50.

Quite surprising for a magazine diagnosed as a fashion and beauty specialist.

OUR$_X$

33. GE
General Electric

	media dollars	
	1983	1984
Magazines	$10,565,000	$ 8,207,000
Nat. Sun. mags.	822,000	517,000
Newspapers	10,479,000	13,611,000
Network tv	31,597,000	40,343,000
Spot tv	4,026,000	7,253,000
Network radio	—	75,000
Spot radio	171,000	393,000
Outdoor	31,000	199,000
Total	**$57,691,000**	**$70,598,000**

Classifications: major appliances (LNA H-210); radios, tv sets (LNA H-310)

Marketing/brand management:
Vp, Leonard Vickers
Mgr corp adv, Karl L. Koss
Proj mgr, H. M. Snider
Consumer products & services
Mgr mktg comm prog, Richard A. Costello
(Major appliances)
Vp-gen mgr, Bruce Enders
Mgr natl adv/mktg pub rel, Victor H. Alcott
Mgr prod adv, Ronald N. Graham
(Video & audio products)
Mgr adv, Thomas N. Traeger (consumer electronics)
(GE Credit Corp.)
Vp-mgr, Barton D. Ladd
(Lighting Business Group)
Gen mgr-con mktg & sales, R. Q. LaFond
Mgr adv & mktg (comm & ind mktg), William Rogers

Agency: BBDO, New York
(Consumer divs/Corporate)
Exec vp, Frank C. Perkins
Mgmt suprs: Thomas Derderian, Gerry Schwieger, Lonny Strum, Frank Henderson (Lighting Business Group), Arnold Ross (major appliances)
Exec vp-dir of media srvcs, Arnie Semsky
Sr vp-dir media plng srvcs, Mike Drake
Sr vp-ntwk tv & prog, Bill Croasdale
Sr vp-dir of media, John Belfiore
Vp-media supr, Steve Kurtzer
Vp-ntwk supr, Stewart Shlossman
Media plnrs: Ed Hughes, James Cammarata
Ntwk buyer, Frances Croke

DFS, New York
(Rechargeable batteries)
Sr vp-mgmt supr, Thomas Burke
Exec vp-dir mktg srvcs, Allen Banks

Four-year trend totals start on page 52.

34. AMERICAN AIRLINES
AMR CORP.

	media dollars	
	1983	1984
Magazines	$ 405,000	$ 4,077,000
Nat. Sun. mags.	26,000	—
Newspapers	12,204,000	13,181,000
Network tv	17,707,000	22,273,000
Spot tv	12,326,000	16,632,000
Network radio	—	—
Spot radio	8,300,000	11,994,000
Outdoor	135,000	341,000
Total	**$51,103,000**	**$68,498,000**

Classifications: passenger travel (LNA T-410), freight (LNA B-612)

Marketing/brand management:
Vp-pass sales/adv, M. W. Gunn
Sr dir adv, Adrianna W. Smits
Sr dir freight sales & adv, Carney Wenrich
Dir freight sales plans & adv, Peter Mitchell
Vp-corp comm, Lowell C. Duncan
Mgrs adv: Judith A. Kirvan, William E. Quackenbush, Bruce Goodyear
Sr dir sales prom, Frank J. DiNuzzo
Mgr adv admin, Gregg Mavico

Agency: Bozell & Jacobs, Dallas
Sr vp-dir media srvcs, Hugh O'Brien
Sr vp-dir media plng, Philip Brushaber
Vp-assoc media dir, Mary Bresnahan
Sr vp-grp acct dir, Paul Gold
Vp-mgmt supr, Tom Hooke

35. GENERAL MOTORS
corporate/parts
General Motors

	media dollars	
	1983	1984
Magazines	$13,063,000	$21,150,000
Natl. Sun. mags.	134,000	289,000
Newspapers	11,201,000	5,737,000
Network tv	27,465,000	27,959,000
Spot tv	2,083,000	8,787,000
Network radio	1,971,000	1,715,000
Spot radio	242,000	1,190,000
Outdoor	44,000	166,000
Total	**$56,203,000**	**$66,993,000**

Classification: general promotion (LNA T-111), parts (LNA 154)

Marketing/brand management:
(Corporate advertising)
Vp-mktg & prod plng, R. T. O'Connell
Gen dir-mktg plng, L. G. DeYonker
Exec dir mktg, J. N. Stewart
Dir adv, D. J. Teasdale
Asst adv mgrs: J. W. Finney, D. J. Bolen
(Public affairs advertising)
Vp-pub rel, J. W. McNulty
Dir-pub affairs adv, G. H. Pruette
Adv coor, R. Thomas Beaman
(Parts)
Dir mktg, S. M. McAllister
Sales prom/adv mgr, R. T. Strohm
(Protection plan)
Mgr, A. J. Thomas

Agencies: D'Arcy MacManus Masius, Bloomfield Hills, MI
Exec vp-mgmt supr, T. T. Teegarden
Vp-grp acct dir, C. S. Brandt (parts)
Vp-acct suprs: W. A. Mara (corporate), D. B. Hutchinson (parts), L. A. Hillebrand, Jr. (protection)
Vp-retail comm, A. R. Harrington
Sr vp-media dir, G. M. Rogers
Vp-grp media dirs: E. M. Coosia (corporate), M. Choinski (parts/protection)
Vp-assoc media dir. D. J. Irvine (parts/protection)

N W Ayer, Detroit
(Public affairs)
Sr vp-gen mgr, Robert Kingsbury
Sr vp mgmt supr, Richard Prince
Vp-media dir, Randall Schroeder
Media supr, Rick Doyle

UniWorld Group, N.Y.
(Minority marketing)
Acct supr, Bernard Baskett
Media dir, Sherri Cherot

36. RCA
RCA Corp.

	media dollars	
	1983	1984
Magazines	$15,571,000	$20,666,000
Natl. Sun. mags.	950,000	2,673,000
Newspapers	12,714,000	17,343,000
Network tv	15,418,000	20,753,000
Spot tv	5,039,000	4,187,000
Network radio	1,523,000	—
Spot radio	89,000	76,000
Outdoor	70,000	50,000
Total	**$51,374,000**	**$65,748,000**

Classifications: home electronics (LNA H-310); records/tapes (LNA H-330); cameras (LNA G-230)

Marketing/brand management:
(Corporate)
Dir of adv & media srvcs, Joel S. Wolk

(Consumer electronics)
Vp-con adv, William S. Beres
Natl adv mgr, Gregory P. Zehner
(Records)
Staff vp-mktg, Raju Pothakarai
Vp-crtv srvcs, Jack Chudnoff
(Solid State)
Dir comm & adv, Lon Cantor
(Video Component & Display)
Vp-mktg, Robert K. Lorch
(Government Systems)
Vp-mktg, F. H. Stelter
(Service Company)
Mgr mktg srvcs, Robert Ziselmen
(RCA Communications, Inc)
Dir pub aff, Anne D. Schmitt
(RCA Global Communications, Inc.)
Vp-mktg, Ken Gross
(RCA American Communications, Inc.)
Dir pub aff, John Williamson
(RCA Cylix Communications Network)
Dir mktg, R. L. Young
(Distributor & Special Products)
Mgr adv, Tony Ricketti
Agencies: Needham Harper Worldwide, New York
(Corporate)
Mgmt supr, Lee Hines
Acct dir, Jana Moorman
Vp-asst media dir, Paul Manganiello
Leo Burnett, Chicago
(Consumer electronics)
Acct dir, Jackson D. Brown
Exec vp-media srvcs div, Willard Hadlock
Media dir, Jack Hanrahan
Grey, New York
(Records and tapes)
Acct exec, Len Fogge
Exec vp-dir media & prog, Alec Gerster
Vp-assoc media dir, Nancy Utley
UniWorld Group, N.Y.
(Minority marketing, and special events-creative)
Sr acct exec, Wayne Shealy
Media dir, Sherri Cherot
Al Paul Lefton, N.Y./Philadelphia
(Aerospace/defense, distributors, service company, special products)
Media dir, Loretta Atkinson
Mgr media dept, William Fischellis
Acct exec, Jan Haig
Cappiello & Chabrowe, N.Y.
(Solid state div.)
Pres, Terry Chabrowe
Vp-media dir, Nancy Davies
Hammond Farrell, N.Y.
(RCA American Comm.)
Vp, Jeff Kaumeyer
Media dir, Marty Schwartzberg
Kelly Michener Inc., Lancaster, PA
(Security products, tubes, data systems)
Mgmt supr, Ed Jones
Acct exec, Chuck Hursen
Media dir, Harry Rolfe
Fearon/GBA, NewYork
(RCA Communications — corporate)
Vp-acct supr, Pam Devenney
Acct execs: Susan Greib, Pam Smith
Assoc media dir, Sabina Martin

37. MICHELOB beer
Anheuser-Busch

	media dollars 1983*	media dollars 1984
Magazines	$ 4,333,000	$ 2,040,000
Natl. Sun. mags.	2,041,000	—
Newspapers	980,000	812,000
Network tv	19,760,000	49,566,000
Spot tv	2,209,000	6,643,000
Network radio	503,000	2,017,000
Spot radio	7,746,000	3,445,000
Outdoor	30,000	252,000
Total	**$37,602,000**	**$64,775,000**

* revised

Classification: beer (LNA F-310)
Marketing/brand management:
Exec vp-mktg, Michael J. Roarty
Vp-brand mgmt, Jack MacDonough
Vp-corp media, Charles B. Fruit
Dir media srvcs, Tony Ponturo
Grp mktg mgr, David C. Drew
Sr prod mgrs: Bill McNulty (Michelob), Jim Sebo (Michelob Light)
Asst prod mgr, Bill Braun (Michelob)
Brand prom mgr, Anne Suppiger (Michelob Light)
Agencies: Ted Bates, N.Y.
(Michelob, Michelob Classic Dark)
Exec vp-client srvcs, Randy Hackett
Sr vp-mgmt rep, Vic Bloede
Vp-acct supr, Martin Grant
Acct execs: Laura Mindell, Renee Kassel
Vp-media dir, Tom Mullen
Assoc media dir, Gaye Sussman
Media supr, John Quigley
Media plnrs: Scott Lancaster, Josi Arandia
(Needham Harper Worldwide, Chicago
(Michelob Light)
Sr vp-grp acct dir, Ron Bess
Sr vp-media dir, Michael White
Sr vp-assoc media dir, David Drake
Sr vp-dir media oper, William F. Heimann

Trend comments on page 50.

THE DISCOVERY MARKET

The common, but very pleasurable ice cube. Made possible by our discoveries of the ice cube tray and the frostproof freezer. Make the pleasant discovery of the sales potential of this innovative market!

GREATER DAYTON — 678,000 Adults
77% regular weekday readers*
82% regular Sunday readers*
79% reach of Households with $25,000+ annual incomes**
18,000 scientists and engineers***
* 1983 Belden Springfield CMS, 1984 Paragon Dayton Survey;
** Dayton only, 1984 Paragon Survey; *** 1983, Ohio Data Users Center

DAYTON

Discover what we can do for you. Call Leroy Smith at (513) 225-2086.

DAYTON/SPRINGFIELD NEWSPAPERS
Represented nationally by Sawyer-Ferguson-Walker Co., Inc.

38. MERIT

Philip Morris

	media dollars	
	1983	1984
Magazines	$22,618,000	$32,475,000
Natl. Sun. mags.	6,377,000	5,053,000
Newspapers	9,286,000	18,809,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	3,076,000	7,873,000
Total	**$41,357,000**	**$64,210,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-brand prom, Robert Fitzmaurice
Grp dir, Ellen Merlo
Brand mgr, Nancy Brennan
Vp-media, James L. Thompson, Jr.
Agency: Leo Burnett, Chicago
Sr vp-acct dir, Jim Oates
Vp-acct dir, Peter Volz
Acct supr, Ray Pokorny
Exec vp-media srvcs div, Willard Hadlock
Vp-media dir, Bob Houghtlin

39. KENTUCKY FRIED CHICKEN

R. J. Reynolds

	media dollars	
	1983	1984
Magazines	$ 39,000	—
Natl. Sun. mags.	—	—
Newspapers	(no data)	(no data)
Network tv	30,544,000	$39,159,000
Spot tv	19,253,000	23,680,000
Network radio	—	—
Spot radio	976,000	25,000
Outdoor	514,000	479,000
Total	**$51,326,000**	**$63,343,000**

Classification: restaurants (LNA G-330)
Marketing/brand management:
Pres, Donald E. Doyle
Vp-field mktg, Robert E. Lee
Vp-mktg dev, C. Scott Conner
(National Advertising Cooperative)
Exec dir, Phillip E. Risinger
Vp-dir of mktg, Michael O. Willson
Agencies: Young & Rubicam, N.Y.
Sr vp-grp dir, Edward Lebar
Sr vp-mgmt supr, Linda Patston
Vp-acct suprs: James Siegel, Sheldon Lipton
Acct execs: Evangeline Ames, Simon Gerlin, Mike Fielding
Grp media supr, Donald Davis
Media supr, Brian Hanley
Mingo-Jones, N.Y.
(ethnic markets)
Sr vp-dir client srvcs, Samuel Chisholm
Vp-mgmt supr, Roland Chandler
Media dir, Ray Brown
Media mgr, Deborah Gray

40. VOLKSWAGEN cars

Volkswagenwerk A. G.

	media dollars	
	1983	1984
Magazines	$21,958,000	$19,829,000
Natl. Sun. mags	—	491,000
Newspapers	5,702,000	7,540,000
Network tv	20,769,000	20,678,000
Spot tv	10,830,000	12,505,000
Network radio	—	—
Spot radio	2,647,000	405,000
Outdoor	—	1,594,000
Total	**$61,906,000**	**$63,042,000**

Classification: cars (LNA T-110)
Marketing/brand management:
Exec vp-sales & mktg, Peter Weiher
Vp-VW Div, James R. Fuller
Mgr mkt rep, Richard Weidman
Mgr, VW mktg srvcs, Richard Marcy
Mgr, VW adv, Bill Gelgota
VW adv mgr, Mike Kaptuch
Agency: DDB, Detroit
Pres, Robert Rees
Sr vp-acct supr, Al Steiner
Vp-acct supr, Sal Triano
Sr acct execs, Peter Toundas, Steve Swanson
Vp-acct supr, Ron Rogginger
Sr vp-dir media dir, Al Petcavage

41. DELTA

Delta Air Lines

	media dollars	
	1983	1984
Magazines	$ 1,077,000	$ 340,000
Natl. Sun. mags.	24,000	—
Newspapers	31,619,000	26,288,000
Network tv	2,603,000	4,396,000
Spot tv	8,227,000	10,823,000
Network radio	—	—
Spot radio	15,309,000	19,321,000
Outdoor	1,768,000	1,591,000
Total	**$60,627,000**	**$62,759,000**

Classification: passenger travel (LNA T-410)
Marketing/brand management:
Vp mktg, W. W. Hawkins
Dir of adv, Jim Porter
Mgr of adv, Wayne Soph
Agency: BDA/BBDO, Atlanta
Pres-mgmt supr, Glenn Verrill
Sr vp-acct supr, Jack Walz
Sr vp-media dir, Martin Hollinger

42. TYLENOL products

Johnson & Johnson

	media dollars	
	1983	1984
Magazines	$ 3,625,000	$ 5,086,000
Natl. Sun. mags.	—	—
Newspapers	32,000	50,000
Network tv	49,147,000	52,959,000
Spot tv	4,043,000	3,829,000
Network radio	—	—
Spot radio	—	39,000
Outdoor	—	—
Total	**$56,847,000**	**$61,963,000**

Classification: medicines (LNA D-210)
Marketing/brand management:
Dir of mktg, Chandler D. Simonds
Agency: Saatchi & Saatchi Compton, New York
Exec vp, Tom Lom
Mgmt supr, John Sloan
Acct supr, Pat Furey
Acct exec, Tom White
Asst acct exec, Laura Gernat
Assoc media dir, Marcie Kazdin
Media supr, Charlie Greenberg
Media plnr, Kathy Faust

43. VANTAGE cigarettes

R. J. Reynolds

	media dollars	
	1983	1984
Magazines	$23,980,000	$35,597,000
Natl. Sun. mags.	2,550,000	6,609,000
Newspapers	10,953,000	17,754,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	4,936,000	1,408,000
Total	**$42,419,000**	**$61,368,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-brand mktg, Marty Orlowsky
Vp-brand mgmt, H. J. Lees
Grp mktg dir, G. W. McKenna
Brand mgr, T. C. Harris
Dir media, Dan Pearson
Grp mgr media admin, R. E. Neal
Agency: Leber Katz Partners, N.Y.
(Creative)
Exec vp-dir client srvcs, Robert Hirsch
Vp-acct grp supr, Andrew Millar
Acct supr, Pat O'Brien
Acct exec, Erik Stokkebye

44. MAZDA
cars and trucks
Mazda Motors (Toyo Kogyo)

	media dollars	
	1983	1984
Magazines	$14,551,000	$16,857,000
Natl. Sun. mags.	—	—
Newspapers	1,971,000	3,021,000
Network tv	27,160,000	26,382,000
Spot tv	6,991,000	14,726,000
Network radio	—	—
Spot radio	—	49,000
Outdoor	35,000	48,000
Total	**$50,708,000**	**$61,083,000**

Classifications: passenger cars (LNA T-110), trucks (LNA T-120)
Marketing/brand management:
(MMA Central)
Sr vp-gen mgr, R. E. Hayden
Vp-mktg, Duane Bowen
(MMA-East)
Sr vp-gen mgr, E. Sundstrom
Vp-mktg, Jim Trado
Agency: FC&B/Los Angeles
Sr vp-grp mgmt dir, Welton Mansfield
Media dir, Robert MacDonald (Santa Ana)

45. NABISCO
food products
Nabisco

	media dollars	
	1983	1984
Magazines	$ 3,203,000	$ 5,726,000
Natl. Sun. mags.	1,837,000	1,259,000
Newspapers	4,225,000	4,122,000
Network tv	30,317,000	34,192,000
Spot tv	4,813,000	13,188,000
Network radio	—	1,673,000
Spot radio	167,000	316,000
Outdoor	—	—
Total	**$44,562,000**	**$60,476,000**

Classifications: bakery goods (LNA F-160); prepared foods (LNA F-120); confectionery (LNA F-210); events (LNA G-320)
Marketing/brand management:
Vp-mktg (Nabisco Brands), W. Lee Abbott
Dir media, Louis J. Rubinacci
(Biscuit group)
Vp-mktg, A. Neal Westermeyer
Dirs mktg: William R. Stuart (Sweet Goods), Sharon Fordham (Crackers), Herman Lichteus (other business)
Dir, media/adv srvcs, Dante G. Bonardi
(Confections)
Vp-mktg, David P. Evancich
Sr prod mgr, Harold E. Boutillier
(Grocery products)
Vp-mktg, Ellen R. Marram
Grp prod mgrs: Marc Atkinson (hot cereals), Robert Donegan (R-T-E cereals), Robin Schofield (desserts)
Agencies: William Esty, N.Y.
(Cookies, crackers, snacks)
Sr vp-mgmt suprs: Tom Hayes, Colleen Gowl
Sr vp-media dir, Peter Triolo
Sr vp-grp media dir, Peter Schwartz
Doyle Dane Bernbach, N.Y.
(R-T-E cereals)
Grp sr vp, David Sklarev
Vp-mgmt suprs: Emily Cohen, Gregory Braver
Acct supr, Ellen Maher
Exec vp-dir media & prog, Mike Drexler
Vp-media plng dir, Conant Sawyer
Assoc plng dirs: Gigi Hartney, Marty Friedman
Ohlmeyer Advertising, N.Y.
(Snack crackers)
Mgmt supr, Rob McKinley
Acct suprs: Mike Detel, Ted Sanko
Exec vp-media/prog, Lee Pratt
Sr vp-media dir, Tom Garrabrant
Sr vp-dir of bdcst, Peter Chrisanthopoulos
Media supr, Terry Cunningham
DFS, New York
(Biscuit Division)
Exec vp-mgmt dir, Joe Mack
Sr vp-mgmt supr, Robert Egan
Exec vp-dir mktg srvc, Allen Banks
Sr vp-assoc media dir, Lou Capozzoli
Assoc media dirs: Debra Engelhart, Diane Cimine, Lucille Monaco

46. PIZZA HUT
PepsiCo

	media dollars	
	1983	1984
Magazines	$ 19,000	$ 32,000
Natl. Sun. mags.	—	—
Newspapers	(no data)	(no data)
Network tv	17,007,000	18,207,000
Spot tv	30,152,000	39,980,000
Network radio	—	—
Spot radio	592,000	602,000
Outdoor	98,000	174,000
Total	**$47,868,000**	**$58,995,000**

Classification: restaurants (LNA G-330)
Marketing/brand management:
Sr vp-mktg, Bud Gates
Vp-adv, David Ropes
Agency: Chiat/Day, Los Angeles
Exec vp-gen mgmt, Tom Patty
Mgmt supr, Patrick Sherwood
Acct supr, Consuelo Gomez
Vp-media dir, Hank Antosz (C/D)/ Gene DeWitt (DeWitt Media)
Media supr, Suzie Mason
(Network and spot media bought through local agencies)

47. UNITED
UAL

	media dollars	
	1983	1984
Magazines	$ 2,167,000	$ 850,000
Natl. Sun. mags.	53,000	—
Newspapers	5,419,000	6,067,000
Network tv	8,175,000	25,839,000
Spot tv	23,380,000	18,828,000
Network radio	—	—
Spot radio	14,636,000	6,802,000
Outdoor	187,000	520,000
Total	**$54,017,000**	**$58,906,000**

Classifications: passenger travel (LNA T-410); freight (LNA B-610)
Marketing/brand management:
Exec vp-mktg & plng, John Zeeman
Vp-adv & prom, John Ruhaak
Dir adv, Bill Alenson
Mgrs: Bill Groundwater, Al Sortwell
Agency: Leo Burnett, Chicago
Sr vp-acct dir, Jim Thompson
Vp-acct supr, John Goad
Acct suprs: Jim Dotter, Ashton Lee
Exec vp-media srvcs div, Willard Hadlock
Media dir, Sally Hunter

48. XEROX office equipment
Xerox Corp.

	media dollars	
	1983	1984
Magazines	$15,104,000	$11,282,000
Natl. Sun. mags.	11,000	—
Newspapers	13,824,000	8,534,000
Network tv	22,732,000	34,258,000
Spot tv	2,491,000	1,393,000
Network radio	875,000	—
Spot radio	2,614,000	477,000
Outdoor	4,000	110,000
Total	**$57,655,000**	**$56,054,000**

Classifications: office machines & equipment (LNA B-320); computers (LNA B-310)
Marketing/brand management:
Dir corp adv & prom, Michael E. G. Kirby
Mgr corp adv & prom, Joseph M. Cooper, Jr.

Agency: Needham Harper Worldwide, N.Y.
Exec vp-dir of acct srvcs, Joe Landy
Sr vp-grp acct dir, Donald Bigda
Sr vp-media dir, Page Thompson
Vp-assoc media dirs: Bernie Newman (copiers), Paul Manganiello (corporate)

49. COORS beer
Adolph Coors Co.

	media dollars	
	1983	1984
Magazines	$ 29,000	$ 46,000
Natl. Sun. mags.	—	—
Newspapers	1,016,000	657,000
Network tv	9,746,000	11,218,000
Spot tv	18,658,000	24,398,000
Network radio	—	—
Spot radio	21,209,000	18,528,000
Outdoor	547,000	517,000
Total	**$51,205,000**	**$55,364,000**

Classification: beer (LNA F-310)
Marketing/brand management:
Sr vp-mktg: Robert A. Rechholtz
Vp-mktg, Rob Klugman
Brand dirs: Gary Naifeh, Bob Fox (Coors Light)
Brand mgrs: June Smith, Gary Skovsted (Coors Light)
Agency: FCB/Chicago
Sr vp-grp acct dir, Bill Melzer
Vp-acct dirs: Dale Smith, Jim Gregga, Lisa Baum, Tim Prosch
Vp-grp media dir, Kent Vlautin
Media suprs: Bill Blaha, Mary Salmich, Steve Vye, Doug Powell

50. MATTEL toys
Mattel

	media dollars	
	1983	1984
Magazines	$ 3,132,000	$ 2,837,000
Natl. Sun. mags.	42,000	—
Newspapers	714,000	1,857,000
Network tv	51,656,000	36,036,000
Spot tv	14,440,000	14,294,000
Network radio	—	—
Spot radio	418,000	135,000
Outdoor	3,000	184,000
Total	**$70,405,000**	**$55,343,000**

Classification: games (LNA G-460)
Marketing/brand management:
Sr vp-mktg srvcs, J. F. Morrison
Dir mktg srvcs, James G. King
Mktg dir, Tom Wszalck (Barbie)
Agency: Ogilvy & Mather, L.A.
Vp-mgmt supr, Freddie Bee
Sr vp-media dir, Ron Reilly
Vp-assoc media dir, Tom Coughlin
Asst media dirs: Tim Tousant, Rena Sonshine

51. PLYMOUTH
Chrysler Corp.

	media dollars	
	1983*	1984
Magazines	$ 7,217,000	$15,012,000
Natl. Sun. mags.	220,000	386,000
Newspapers	644,000	542,000
Network tv	12,914,000	20,211,000
Spot tv	8,039,000	13,342,000
Network radio	—	27,000
Spot radio	3,012,000	3,254,000
Outdoor	529,000	497,000
Total	**$32,575,000**	**$53,271,000**

* revised

Classification: cars (LNA T-110)
Marketing/brand management:
Vp-mktg, J. A. Campana
Gen mktg mgr, A. C. Liebler
Natl adv mgr, M. V. Howe
Adv mgrs: J. Jandasek (cars), A. D. Imber (retail)
Agency: Kenyon & Eckhardt, Detroit
Exec vp-gen mgr, George F. Beech
Sr vp-assoc gen mgr, Bruce P. Andrews
Sr vp-mgmt supr (dealer assn), J. P. Hickey
Vp-acct supr, D. M. Symons
Sr vp-media dir, P. D. Matz
Sr vp-dir media plng, E. E. Kruger
Assoc buying dir, P. Iverson (dealers)
Assoc media dir, J. Vaglia

52. RENAULT
American Motors

	media dollars	
	1983	1984
Magazines	$ 7,621,000	$ 9,868,000
Natl. Sun. mags.	—	—
Newspapers	2,643,000	1,698,000
Network tv	29,518,000	33,034,000
Spot tv	9,123,000	7,748,000
Network radio	—	—
Spot radio	9,000	—
Outdoor	969,000	527,000
Total	**$48,883,000**	**$52,875,000**

Classification: cars (LNA T-112)
Marketing/brand management:
(corporate adv-New York)
Pres, Pierre Gazarian
Div corp rel, Leon Forth
Pub rel mgr, Meredith Pillon
(product adv-AMC, Southfield, Mich.)
Div adv & mkt plng, David L. Kerr
Adv mgr, Marvin Klein
Mgr media/budgets, Robert G. Wildberter
Agency: Grey, New York
Exec vp-acct mgmt, Louis G. Maloof
Exec vp-media & prog, Alec Gerster
Vp-assoc media dir, Jack Jadick

53. REVLON cosmetics
Revlon

	media dollars	
	1983	1984
Magazines	$11,827,000	$15,797,000
Natl. Sun. mags.	1,085,000	835,000
Newspapers	220,000	624,000
Network tv	23,625,000	26,405,000
Spot tv	5,643,000	7,255,000
Network radio	144,000	289,000
Spot radio	658,000	1,070,000
Outdoor	—	117,000
Total	**$43,202,000**	**$52,392,000**

Classifications: cosmetics (LNA D-110); hair products (LNA D-140)
Marketing/brand management:
Exec vp-adv, Sanford Buchsbaum
Vp-adv srvcs, George Feld
Vp-grp adv, Steve Gebb
Adv dir, Ken Angel
Media dir, Anthony Cozzolino
Agencies: Grey, New York
(Classic Revlon eye make-up, Natural Wonder, European Collagen Complex, Flex, H.D.R., all international)
Exec vp-acct mgmt, Robert Zimmern
Exec vp-dir media & prog, Alec Gerster
Vp-assoc media dir, Russ Booth
50th Floor Workshop, N.Y.
(house agency)

54. CADILLAC cars
General Motors

	media dollars	
	1983	1984
Magazines	$ 6,094,000	$ 7,352,000
Natl. Sun. mags.	123,000	43,000
Newspapers	22,780,000	21,740,000
Network tv	7,583,000	8,777,000
Spot tv	6,949,000	12,781,000
Network radio	1,714,000	—
Spot radio	353,000	555,000
Outdoor	418,000	962,000
Total	**$46,014,000**	**$52,210,000**

Classification: cars (LNA T-110)
Marketing/brand management:
Vp-gen mgr, J. O. Grettenberger
Gen sales mgr, L. B. Pryor
Mktg dir, Gordon Horsburgh

Dir mdsg, F. R. Cadicamo
Asst dirs mdsg: J. P. Churchvara, B. A. Badger, C. F. Jasin
Agency: D'Arcy MacManus Masius, Bloomfield Hills, MI
Pres, James T. Doyle
Sr vp-mgmt supr, Alex Morton
Vp-grp supr, Edmund Sale
Vp-acct suprs: John Krausman, Mark Moyer
Sr vp-dir mktg & res, Charles Stannard
Sr vp-media dir, George Rogers
Grp media dir, Marty Choinski
Vp-assoc media dir, Dave Irvine

55. STERLING cigarettes
R. J. Reynolds

	media dollars 1983	1984
Magazines	$ —	$29,534,000
Natl. Sun. mags.	—	6,784,000
Newspapers	—	10,556,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	—	4,847,000
Total	**$ —**	**$51,721,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Sr vp-mktg, Marty Orlowsky
Vp-brand mgmt, H. J. Lees
Grp mktg dir, J. T. Winebrenner
Brand mgr, K. V. McCaffrey
Dir media, Dan Pearson
Grp mgr media admin, R. E. Neal
Agency: Tatham Laird & Kudner, Chicago
(creative only)
Sr ptnr, acct mgmt, Robert Hielscher
Mgmt supr, James Hill

56. WARNER
Warner Communications

	media dollars 1983	1984
Magazines	$ 552,000	$ 805,000
Natl. Sun. mags.	1,000	—
Newspapers	40,000	858,000
Network tv	26,457,000	31,518,000
Spot tv	11,909,000	17,440,000
Network radio	113,000	—
Spot radio	5,000	663,000
Outdoor	53,000	91,000
Total	**$39,130,000**	**$51,375,000**

Classifications: movies (LNA G-310), media (LNA B-400), electronic entertainment (LNA G-300)
Marketing/brand management:
Pres-worldwide adv, pub, prom, Sanford E. Reisenbach
Vp-crtv adv, Joel Wayne
Vp-dir of media, Mardi Marans
Vp-mkt res, Richard Del Belso
Agency: Grey, New York
(Motion pictures)
Vps: Donald Foley, Robert Hussey
Exec vp-dir media & prog, Alec Gerster
Vp-assoc media dir, Nancy Utley

57. LEVI'S clothing
Levi Strauss & Co.

	media dollars 1983	1984
Magazines	$ 4,644,000	$ 4,420,000
Natl. Sun. mags.	26,000	—
Newspapers	97,000	180,000
Network tv	2,621,000	42,244,000
Spot tv	5,367,000	3,903,000
Network radio	197,000	23,000
Spot radio	899,000	—
Outdoor	269,000	271,000
Total	**$14,120,000**	**$51,041,000**

Classification: sportswear (LNA A-115)
Marketing/brand management:
Dirs of mktg: Joanne Flath (menswear), Nancy McCready (ladieswear)
Agency: Foote Cone Belding, San Francisco
Vps-mgmt suprs: Barbara Pauly (women's, youth, 501), Ted Block (men's, jeanswear)
Acct execs: Alan Jewett (women's), Liz Levy (men's)
Vp-media dir, Art Newman

58. BENSON & HEDGES
Philip Morris

	media dollars 1983	1984
Magazines	$23,208,000	$26,953,000
Natl. Sun. mags.	4,207,000	5,659,000
Newspapers	8,127,000	13,296,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	5,590,000	4,453,000
Total	**$41,132,000**	**$50,361,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-brand prom, Robert Fitzmaurice
Grp dir, Bob Roper
Brand mgr, Herbert Foster
Vp-media, James L. Thompson, Jr.
Agency: Wells, Rich, Greene, N.Y.
Sr vp-acct grp head, Jayne Eastman
Vp-mgmt supr, Vince Minicucci
Sr vp-corp media dir, Bob Geis
Vp-plng srvcs dir, Mike Haggerty
Vp-media grp head, William Ferguson

59. WRIGLEY gum
Wm. Wrigley, Jr.

	media dollars 1983	1984
Magazines	—	$ 1,986,000
Natl. Sun. mags.	—	—
Newspapers	—	—
Network tv	$31,093,000	35,142,000
Spot tv	12,508,000	11,617,000
Network radio	996,000	1,420,000
Spot radio	—	—
Outdoor	—	—
Total	**$44,597,000**	**$50,165,000**

Classification: gum (LNA F-211)
Marketing/brand management:
Vp-mktg, Ronald O. Cox
Asst vp-adv, Henry Berchert
Mktg mgr, Ruth Carlson
Mktg dirs: Niels Hoegh-Guldberg, Gary Bebee
Agency: BBDO, Chicago
Sr vp mgmt supr, Andrew Donchak
Acct suprs: Jeff Kuehl (Juicy Fruit), Jeannie Rhodes, (Doublemint), J. Tolman (Spearmint, Freedent), Tonise Hayden (Extra)
Sr vp-media dir, Robert Harrison
Vp-assoc media dirs: Kathy Segal (Spearmint), Nancy Swiel (Doublemint, Freedent), Vach Tassell (Extra, Juicy Fruit)

60. EASTERN
Eastern Air Lines

	media dollars 1983	1984
Magazines	$ 5,838,000	$ 3,955,000
Natl. Sun. mags.	63,000	56,000
Newspapers	22,304,000	18,611,000
Network tv	9,398,000	3,860,000
Spot tv	12,237,000	15,879,000
Network radio	—	—
Spot radio	9,218,000	5,708,000
Outdoor	2,469,000	2,071,000
Total	**$61,527,000**	**$50,140,000**

Classification: passenger travel (LNA T-410)
Marketing/brand management:
Sr vp-mktg, Russell L. Ray
Vp-adv, William H. Dowse
Mgrs: Robert A. Wolf (adv srvc), Basil F. Walsh (bus adv), Michael P.

McPhillips (vacation adv), Robert de Cespedes (intl adv), Robert J. Bauer, (sales prom)

Agency: Campbell-Ewald, Detroit

Pres, P. A. Dow

Sr vp-mgmt supr, J. V. Karle

Sr vp-assoc mgmt suprs: R. F. Henry, Gunther Saupe (Latin America)

Vp-acct suprs, J. T. Seregny, M. R. Rogers, D. W. Rodey

Exec vp-media dir, Louis M. Schultz

Sr vp-assoc media dir, J. W. Nuccio

61. POST cereals

General Foods

	media dollars	
	1983	1984
Magazines	$ 3,308,000	$ 4,295,000
Natl. Sun. mags.	—	128,000
Newspapers	296,000	935,000
Network tv	31,422,000	23,117,000
Spot tv	10,120,000	20,989,000
Network radio	—	95,000
Spot radio	31,000	—
Outdoor	—	—
Total	**$45,177,000**	**$49,559,000**

Classification: cereals (LNA F-122)

Marketing/brand management:

Vp gen mgr, D. F. Hurwitt

Mktg mgr, David J. Gustin

Cat mgrs: Martha Crosby Jacobs (adults/family), Carl T. Harrington (children's)

The media group includes:

Dir, media srvcs, David K. Braun

Assoc dir, media srvcs, D. J. Miceli

Mgr, local media, Gary Gruneburg

Asst mgr, local media, L. F. Meyer

Mgr, plng/buying: Brenda Jansen (network)

Asst mgrs, plng/buying: Kathy Olvany Riordan (print), Jonathan Sims (research)

Media asst, Bobby Asano

Agencies: Ogilvy & Mather, N.Y.

Sr vp-acct grp dir, Peter Barnett

Vp-mgmt supr, Cynthia Round

Acct suprs: Sandy Reitelman, Bob Hay

Sr vp-assoc media dir, Tony Nacinovich

Vp-asst media dir, Mark Belton

Grey, New York

Exec vp-acct mgmt, Hunter Yager

Exec vp-dir media & prog, Alex Gerster

Vp-assoc media dir, Susan Zimet

62. PILLSBURY foods

Pillsbury

	media dollars	
	1983	1984
Magazines	$ 1,431,000	$ 2,155,000
Natl. Sun. mags.	—	80,000
Newspapers	411,000	1,099,000
Network tv	32,497,000	38,056,000
Spot tv	9,284,000	7,338,000
Network radio	—	—
Spot radio	82,000	4,000
Outdoor	—	—
Total	**$43,705,000**	**$48,732,000**

Classifications: bakery goods (LNA F-160); cooking products (LNA F-110); prepared foods (LNA F-120)

Marketing/brand management:

Pres, U.S. Foods, Thomas McBurney

Exec vp-desserts & sweet snacks, Kent Larson

Vp-business unit mgrs: Richard Nickel (light meals & snacks), L. Thomas Gartner (frozen entrees), Robert Lindsay (refrigerated foods), Daniel Locke (desserts), James T. Peterson (basic foods), Kenneth Reis (canned vegetables), Gary Klingl (frozen vegetables)

Dir adv srvcs, Ron Kos

Agencies: Leo Burnett, Chicago

(Refrigerated foods, Green Giant vegetables/entrees)

Sr vp-client srvc dir, William Boris

Acct dir, Edson Sessions

Exec vp-media srvcs div, Willard Hadlock

Media dirs: Chuck Quarnstrom, Jack Klues

BBDO, New York

(desserts, sweet snacks, toaster products)

Exec vp, Jack Thorne

Sr vp-mgmt supr, Bob Spofford

Exec vp-dir of media srvcs, Arnie Semsky

Sr vp-dir media plng srvcs, Mike Drake

Sr vp-assoc media dir, Bruno Crea

Vp-media supr, John Osborn

Ketchum Advertising/San Francisco

Sr vp-mgmt supr, Ann Fisher

Acct supr, Rosilyn Young

Acct exec, Kitty Brunswick

Vp-media dir, Cheryl Kroyer

63. CAMEL cigarettes

R. J. Reynolds

	media dollars	
	1983	1984
Magazines	$12,984,000	$22,156,000
Natl. Sun. mags.	—	2,554,000
Newspapers	13,801,000	10,640,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	12,847,000	12,253,000
Total	**$39,632,000**	**$47,603,000**

Classification: tobacco (LNA G-110)

Marketing/brand management:

Vp-brand mktg, Marty Orlowsky

Vp-brand mgmt, H. J. Lees

Grp mktg dir, J. T. Winebrenner

Sr brand mgr, R. T. Caulfield

Dir media, Dan Pearson

Grp mgr media admin, R. E. Neal

Agency: McCann-Erickson, N.Y.

(Creative only)

Exec vp, Edward G. A. Bathon

Sr vp-mgmt reps, Simon M. Marlow (U.S.A.), Stewart P. Brown (Intl.)

64. LIPTON

Thomas J. Lipton (Lever)

	media dollars	
	1983	1984
Magazines	$ 3,470,000	$ 6,430,000
Natl. Sun. mags.	284,000	154,000
Newspapers	1,065,000	973,000
Network tv	17,361,000	30,806,000
Spot tv	10,755,000	8,668,000
Network radio	—	—
Spot radio	98,000	157,000
Outdoor	—	—
Total	**$33,033,000**	**$47,188,000**

Classifications: prepared foods (LNA F-120); food beverages (LNA F-170)

Marketing/brand management:

Dirs of prod mgmt: Arthur Gonis (regular/specialty teas), Allen Carlson (new projects), David Bell (soups/recipe products), Richard Kundrat (meals/sidedishes), Gregory Knoll (convenience teas), Angelo La Mantia (condiments/snacks)

Media dir, Bruce Hoenig

Agencies: TJL Media (in-house)

(creative agencies)

SSC&B, New York

(tea, Cup-A-Soup)

Vice chmn, Hal Rover

Young & Rubicam, N.Y.

(soup)

Trend comments on page 50.

Exec vp-grp dir, John Hathaway

Bozell & Jacobs, Chicago

Sr vp-mgmt supr, Michael Peroff

Acct suprs: Sven Welander (sidedishes), Allen Cebula (new products)

65. COVER GIRL cosmetics

Noxell Corp.

	media dollars	
	1983	1984
Magazines	$ 8,371,000	$16,113,000
Natl. Sun. mags.	—	—
Newspapers	—	—
Network tv	29,685,000	29,412,000
Spot tv	512,000	933,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$38,568,000**	**$46,458,000**

Classification: cosmetics (LNA D-110)

Marketing/brand management:

Sr vp-mktg, Francis J. Harrison

Vp-cosmetics mktg, Peter M. Troup

Mktg dir cosmetics, Marie G. Bowers

Grp prod mgr, A. Randy Floss

Sr prod mgrs: Donald S. Pettit, Steve Colnitis, Barry Shields, Robert K. McWilliams

Prod mgrs: Susan J. Melton, Jane Mueller

Agency: SSC&B, New York

Exec vp, F. Stone Roberts

Sr vp-dir media & ntwk prog, Robert Lilley

Vp-assoc media dir, Loretta Volpe

Asst media dirs: Ellen Berka, Donna Cataldo

66. CLAIROL hair products

Bristol-Myers

	media dollars	
	1983	1984
Magazines	$13,690,000	$13,639,000
Natl. Sun. mags.	10,000	—
Newspapers	169,000	37,000
Network tv	29,598,000	25,766,000
Spot tv	2,991,000	5,321,000
Network radio	75,000	69,000
Spot radio	767,000	1,104,000
Outdoor	—	4,000
Total	**$47,300,000**	**$45,940,000**

Classification: hair products (LNA D-140)

Marketing/brand management:

Vp-mktg-established brands, G. M. Oakes

Venture works harder than ever to make your advertising work better.

Your advertisement has always worked harder in VENTURE because VENTURE reaches the hardest working people in business. Successful entrepreneurs.

And now, with circulation up 15,000 to 315,000 effective with the July issue, VENTURE reaches more of the people you need to reach. The men and women who make America work.

With every issue VENTURE attracts new subscribers who are in complete control of their businesses and their lives. That's why VENTURE, already AdWeek's number one ranked business magazine, now works even harder to make your advertising work better.

The VENTURE Reader:
Owner/Partner: 70.4%
Median Annual Gross Sales: $1,900,000
Median Household Income: $67,020
Median Age: 41

To reserve space or for more information please contact Jim Rogers at 212-682-7373

15,000 MORE SUBSCRIBERS

THE MAGAZINE FOR ENTREPRENEURS
Venture

Vp-sales, W. G. Lynch, Jr.
Vp-package design, John Louise
Vp-new products, Richard Davidian
Grp dir-new business dev, Maude Simard
Grp dir-haircolor, W. F. Susetka
Agencies: FCB, New York
(Creative only)
(Hair care, hair coloring products)
Sr vp grp mgmt dir, Casimir Wojciechowski
Vp acct dirs: Gary Gluck, Nancy Temkin
Acct exec, Wendy Tilles
Doyle Dane Bernbach, N.Y.
(Hair care, hair coloring, skin care, new products)
Vice chmn, Arie Kopelman
Grp-sr vp, Milton Harkrader
Acct suprs: Marianne Moore, Marina Hahn
Exec vp-dir media & prog, Michael Drexler
Vp-media plng dir, Conant Sawyer
Calet, Hirsch & Spector, New York
(Appliances, new products)
Exec vp, Colin Probert
Sr vp-mgmt supr, David Kreps
Acct exec, Kate Zobel
Exec vp-dir of media/prog, Robert Petizon
Vp-assoc media dir, Paul Conway
Media supr, Lori O'Rourke
Wyse, New York
(Born Blonde, new products)
Sr vp-acct mgmt, Marilyn Bane
Sr vp-media dir, Nat Gayster
Assoc media dir, Roy Minster
Boclaro Inc.
(house agency)
Dir, Santo Critell
Assoc dirs: Alan Yoblon, Bill Liptack, Leo Hofmann (print)
Dir media & prog srvcs, Peggy Kelly
Assoc media dirs: Steve Blum, John H. P. Davis
Media supr, William Grotheer

67. JELL-O desserts
General Foods

	media dollars	
	1983	1984
Magazines	$ 8,227,000	$ 9,893,000
Natl. Sun mags.	8,000	—
Newspapers	33,000	21,000
Network tv	26,876,000	26,560,000
Spot tv	3,234,000	8,145,000
Network radio	—	1,230,000
Spot radio	31,000	—
Outdoor	—	—
Total	**$38,409,000**	**$45,849,000**

Classification: desserts (LNA F-115)
Marketing/brand management:
Vp-gen mgr, R. G. Viault
Mktg mgr, Established Businesses, Doug Smith
Mktg dev mgr, Frozen Novelties, Rick De Santis
The media group includes:
Dir, media srvcs, David K. Braun
Assoc dir, media srvcs, D. J. Miceli
Mgr, local media, Gary Gruneberg
Asst mgr, local media, L. F. Meyer
Mgr, plng/buying: Brenda Jansen (network)
Asst mgrs, plng/buying: Kathy Olvany-Riordan (print), Jonathan Sims (research)
Media asst, Bobby Asano
Agency: Young & Rubicam, N.Y.
Exec vp-grp dir, Lawrence Shapiro
Vp-mgmt supr, Duncan Pollack
Acct suprs: Chris Becker, Susan Vary
Acct execs: Miriam Kogan, Bryce Ott, Debra Coughlin, Ellen Hyde
Vp-media grp supr, Beth Rockwood
Media suprs: Robert Kulka, Gary Kagawa

68. NESTLE'S products
Nestle Enterprises

	media dollars	
	1983*	1984
Magazines	$ 3,313,000	$ 5,793,000
Natl. Sun. mags.	298,000	676,000
Newspapers	1,059,000	1,051,000
Network tv	19,103,000	21,174,000
Spot tv	19,138,000	14,630,000
Network radio	748,000	1,148,000
Spot radio	402,000	942,000
Outdoor	—	—
Total	**$44,061,000**	**$45,414,000**

* revised

Classifications: confectionery (LNA F-210); food beverages (LNA F-170); cooking prods. (LNA F-110)
Marketing/brand management:
Sr vp-mktg, Blair Gensamer
Mktg vps-Frank Arthofer (grocery products), Chris Hoch (confections), Jeff Caso (coffee)
Vp-mktg srvcs, Bonnie Webster
Media dir, Steve Kubinski
Media mgr, Robert Bishopp
Agencies: McCann-Erickson, N.Y.
(Nescafe & Quik)
Sr vp-mgmt rep, Peter Heinz
Vp-acct dir, Ted Donahue (Nescafe)
Vp-acct supr, David Ganz (Quick)
Sr vp-media dir, Ira Carlin
Vp-plng mgr, George Hayes
Jordan, Case & McGrath, N.Y.
(Hot cocoa mix, Crunch)
Acct execs: Virginia Pirie, Tom Magnus
Vp-assoc media dirs: Jane Fuller, Sylvia Rodriguez
Media suprs: Jay Jordan, Sue Davis
Media plnrs: Scott McGavich (crunch), Kathy Burke (hot cocoa mix)
J. Walter Thompson, N.Y.
(Tea, confections, coffee)
Sr vp-mgmt dir, Jack Morrissey (confections)
Vp-acct dir, Steve Dworin
Acct suprs: Anne Morrow, Kate Guenther
Acct reps: Peter Leinroth, Sabina Tobler
Vp-media dir, Albert Romano
Media supr, Vicky Roschen
Conill Advertising, N.Y.
(Hispanic markets)
Vp-acct dir, Julio J. Castellanos
Vp-acct supr, Charles F. Magee, Jr.
Exec vp-media dir, Bibiana Grau

69. ANACIN analgesic
American Home Products

	media dollars	
	1983	1984
Magazines	$ 3,646,000	$ 783,000
Natl. Sun. mags.	464,000	85,000
Newspapers	44,000	—
Network tv	34,667,000	40,660,000
Spot tv	3,719,000	3,835,000
Network radio	2,053,000	14,000
Spot radio	—	26,000
Outdoor	—	—
Total	**$44,593,000**	**$45,403,000**

Classification: medicines (LNA D-210)
Marketing/brand management:
Adv dir, Richard Feldheim
(Anacin & Maximum Strength Anacin)
Vp-mktg, Andrew Davis
Sr prod mgr, Bill Seiden
Prod mgrs: Julia Dennis, Judy Bender
(Anacin-3)
Vp-mktg, G. B. Prince
Grp mgr, Arthur Lawrence
Agencies: William Esty, N.Y.
(Anacin)
Sr grp vp-mgmt supr, G. Biava
Mgmt supr, Peter Balint
Sr vp-media dir, Peter Triolo
Vp-assoc media dirs: Joseph Sander, Patricia Halliwell
Young & Rubicam, N.Y.
(Maximum Strength Anacin)
Vp-mgmt supr, James Hogan
Vp-media grp supr, David Fulton
Media supr, Barbara Delfyett
Kornhauser & Calene, N.Y.
(Anacin 3)
Vp-mgmt supr, Claire Owen
Sr vp-media dir, Gary Faver

70. DUNCAN HINES mixes

Procter & Gamble

	media dollars	
	1983	1984
Magazines	$ 3,993,000	$ 3,565,000
Natl. Sun. mags.	—	185,000
Newspapers	233,000	247,000
Network tv	15,584,000	20,270,000
Spot tv	8,582,000	21,108,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$28,392,000**	**$45,375,000**

Classification: mixes (LNA F-113)
Marketing/brand management:
Div mgr, L. D. Milligan
Adv mgr, J. T. Smith
The media group includes:
Dir ntwk rel, Russ Condit
Media dir, J. W. Van Cleave
Asst media dir, Gordon Young
Media mgrs: E. R. Plowden, Lynne C. Veil, James R. Maxwell, Marian Grant
Media suprs: James P. Connell, S. F. Bentzinger, John Taylor, Susan Porter, Stuart Kunkler
Ntwk coor, Dinah J. Noble
Ntwk scheduler, Kathy Amann
Media asst, Judy Markel
Agency: Saatchi & Saatchi, Compton, New York
Mgmt supr, Jean Mojo
Acct supr, Diedre Cavanagh
Acct execs: Don Casey, Lisa Halle
Grp media dir, Bob Pope
Assoc media dir, Barbara Towey
Media supr, Lawrence Cooke

71. GOODYEAR tires

Goodyear

	media dollars	
	1983	1984
Magazines	$ 4,577,000	$ 6,090,000
Natl. Sun. mags.	—	—
Newspapers	—	71,000
Network tv	22,633,000	26,957,000
Spot tv	10,857,000	9,764,000
Network radio	655,000	999,000
Spot radio	262,000	729,000
Outdoor	219,000	713,000
Total	**$39,203,000**	**$45,323,000**

Classifications: tires (LNA T-140); automotive products (LNA T-150)
Marketing/brand management:
Vp-advtg, George S. Lenox
Dir adv: James K. Devoe,
Mgr media srvcs, G. S. Drop
Mgr corp adv, L. B. Elms
Mgr retail advtg, Davis M. Jones
Mgrs adv: Ron Graham (gen. products); Jim Manning (auto products, chemicals, roofing, shoe products); Jim Neawedde (auto/rv, racing tires); Norb Drol (truck/farm tires)
Agencies: J. Walter Thompson, N.Y.
(tires, aerospace, general products)
Worldwide mgmt dir, Robert Beauregard
Sr vp-acct dir, Peter Hanley
Sr acct suupr, Peter Farago
Acct suprs: Doug Foster (tires), Ed Powell (aerospace/gen. products)
Acct execs: Kate Lynch, Fritz Favorule
Sr vp-media dir, Richard Kostyra
Sr vp-dir media plng, John Gray
Sr vp-dir bdcst, John Sisk
Vp-assoc media dirs: Al Romano, Ron Von Urff
Media supr, Tom Arnold
Media plnrs: Paul Kappo, Anthony Salecno
(retail stores)
Vp-mgmt supr, Bob Haverback
McCann Erickson, N.Y.
(all international)
Sr vp-worldwide acct dir, Peter Kennaby
Mingo-Jones, New York
(ethnic-creative)
Sr vp-dir client srvcs, Samuel Chisholm
Acct supr, William McGugins
Brouillard Communications (JWT) New York
(corporate)
Sr vp-acct dir, Doug Longmire
Vp-acct supr, Cal Crouch
Sr vp-media dir, Frank Massaro
Vp-assoc media dir, Jim Bracken
Vp-bdcst srvcs dir, Helen Colton
Media plnr, Larry White

72. STROH'S beer

Stroh Brewery

	media dollars	
	1983	1984
Magazines	$ 255,000	$ 1,988,000
Natl. Sun. mags.	—	—
Newspapers	242,000	450,000
Network tv	24,962,000	27,780,000
Spot tv	7,014,000	5,936,000
Network radio	—	—
Spot radio	3,472,000	6,141,000
Outdoor	951,000	2,642,000
Total	**$36,896,000**	**$44,937,000**

Classification: beer (LNA F-310)
Marketing/brand management:
Exec vp-mktg & sales, J. Wayne Jones
Vp-brand mgmt, Hunter Hastings
Dir corp media, David C. Martin
Agences: Marschalk, New York
Sr vp-mgmt srvc dir, Frank Mangan
Vp-assoc media dir, Chris Brodie
Exec vp, Stephen Bayer
Media grp head, Reg Ungberg
Media supr, William Moore
Sr media plnr, Lisa Raduazzo
Ohlmeyer Advertising, N.Y.
Mgmt supr, Mary Brownell
Acct supr, Frank Cuzzi
Exec vp-media/prog, Lee Pratt
Sr vp-dir of bdcst, Peter Chrisanthopoulos
Sr vp-media dir, Tom Garrabrant
Media supr, Terry Cunningham
Bermudez & Associates, Los Angeles
(Spanish markets)
Vp-acct srvcs, Marguerite Cueto
Media dir, Debra Nason

73. L'OREAL

Cosmair Inc.

	media dollars	
	1983	1984
Magazines	$ 7,015,000	$ 8,952,000
Natl. Sun. mags.	—	—
Newspapers	76,000	—
Network tv	23,085,000	34,705,000
Spot tv	67,000	220,000
Network radio	—	—
Spot radio	—	24,000
Outdoor	—	—
Total	**$30,243,000**	**$43,901,000**

Classifications: cosmetics (LNA D-110); hair products (LNA D-140)
Marketing/brand management:
Pres-cosmetic div, Jim Nixon
Sr vp-gen mgr cosmetic div, John Wendt
Vp-cosmetic dir, Beatrice Dautresme
Agency: McCann-Erickson, N.Y.
Sr vp-mgmt rep, Steven Bretschneider
Sr vp-media dir, Ira Carlin
Vp-plng mgr, Stan Weinstein

Four-year trend totals start on page 52.

74. U.S. POSTAL SERVICE

U.S. Government

	media dollars 1983	1984
Magazines	$ 9,641,000	$15,423,000
Natl. Sun. mags.	833,000	1,265,000
Newspapers	3,078,000	3,433,000
Network tv	12,925,000	16,307,000
Spot tv	5,817,000	5,991,000
Network radio	665,000	—
Spot radio	281,000	784,000
Outdoor	160,000	344,000
Total	**$33,400,000**	**$43,547,000**

Classification: U.S. government advertising (LNA B-160)
Marketing/brand management:
Dir con mktg, Pete Davidson
Dir com mktg, John Wargo
Dir adv, E. J. Gary Stevens
Agency: Young & Rubicam, N.Y.
Sr vp-mgmt supr, Fred Baxter
Acct suprs: Bud Hall, Dick Kebbon, Terry Pranses, William McGorry
Sr vp-grp media supr, Nancy Smith
Media supr, J. C. Ziegler
(Philately)
Vp-grp media supr, Beth Rockwood
Media supr, Gary Kagawa

75. KOOL cigarettes

Brown & Williamson (B.A.T. Industries)

	media dollars 1983	1984
Magazines	$17,716,000	$13,040,000
Natl. Sun. mags.	6,960,000	5,458,000
Newspapers	11,031,000	17,574,000
Network tv	—	—
Spot tv	385,000	65,000
Network radio	—	—
Spot radio	—	—
Outdoor	10,841,000	7,210,000
Total	**$46,933,000**	**$43,347,000**

Classifications: tobacco (LNA G-110); events (LNA G-320)
Marketing/brand management:
Dir mktg oper, L. R. Lewis
Vp-mktg oper, E. T. Parrack
Vp-mktg & plng, Don Johnston
Dir media srvcs, T. P. McAlevey
Asst media mgr, Fran Canary
Agency: Doyle Dane Bernbach, N.Y.
(creative only)
Vice chmn, Peter Falcone
Grs sr vp, Grant Roberts
Vp-mgmt supr, Jud Saviskas
Vp-media plng dir, Gene Huber
Assoc media plng dir, Bob Gordy
Ogilvy & Mather, Chicago
(media only)
Assoc media dir, Karen Hendrickson
Media supr, Mary Anne Lindberg

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76. TWA

Trans World Airlines

	media dollars 1983	1984
Magazines	$ 4,086,000	$ 5,190,000
Natl. Sun. mags.	267,000	611,000
Newspapers	21,852,000	21,424,000
Network tv	99,000	—
Spot tv	8,336,000	12,095,000
Network radio	723,000	810,000
Spot radio	3,823,000	2,735,000
Outdoor	153,000	310,000
Total	**$39,339,000**	**$43,175,000**

Classification: passenger travel (LNA T-410)
Marketing/brand management:
Staff vps-mktg: E. D. Kaufman (pass.), Charles Adams (cargo)
Agency: Ogilvy & Mather, N.Y.
Sr vp-mgmt supr, Tim Elliot
Vp-mgmt supr, Bill Gray
Vp-acct supr, Mark Goldman
Acct supr, Chuck Hodgkinson
Sr vp-dir media oper, Kenneth Caffrey
Sr vp-assoc media dir, Jack Deitchman
Vp-asst media dir, Mark Rice

77. CAMPBELL's foods

Campbell Soup

	media dollars 1983	1984
Magazines	$ 5,212,000	$ 6,604,000
Natl. Sun. mags.	468,000	1,148,000
Newspapers	737,000	1,315,000
Network tv	21,508,000	25,816,000
Spot tv	2,462,000	3,238,000
Network radio	4,444,000	4,021,000
Spot radio	1,126,000	922,000
Outdoor	8,000	18,000
Total	**$35,965,000**	**$43,082,000**

Classification: prepared foods (LNA F-120)
Marketing/brand management:
Vp-mktg, H. M. Baum
Pres-CSC Advtg, Paul N. Mulcahy
Vp-con srvcs, Z. Coulson
Dir media srvcs, George D. Mahrlig (soup group)
Grp gen mgr, D. L. Santangelo
Mktg dir-Ready-to-Serve, D. E. Goerke
Sr mktg mgr-condensed soups, L. A. Carpenter
Mktg mgrs: D. E. Bair, Robert Steenrod, Jill Skaler, Dawn Mueller
(grocery group)
Gen mgr, Jack Horn
Mktg mgrs: Kathleen MacDonnell, Arthur Ferrara, John Haring
Agencies: CSC Advertising, Camden (house agency)
Backer & Spielvogel, N.Y.
(condensed soups)
Exec vp-coo, Robert Holmen
Sr vp-mgmt supr, Joseph Prior
Vp-acct dir, Alan Stone
Acct supr, Charles Nemetz
Exec vp-dir media srvcs, Stephen Leff
Sr vp-media dir, Jay Schoenfeld
Assoc media dir, Ann Meschery
Media supr, Katie Weil
BBDO, New York
(Chunky Soups, Home Cookin', new products)
Sr vp-mgmt rep, Richard Bonnette
Mgmt supr, Alex Carlin
Acct supr, Robert McGreevy
Exec vp-dir media & prog, Arnie Semsky
Vp-assoc media dir, Mike Hedge
Plng supr, Ursula Giannone
Needham Harper Worldwide, N.Y.
(Campbell's Beans)
Sr vp-acct grp dir, Philip Wallace
Sr vp-mgmt rep, Richard Murray
Sr acct supr, Leo Mamorsky
Sr vp-media dir, Page Thompson
Vp-assoc media dir, David Brown
Media supr, Donna Black
Conill Advertising, N.Y.
(Hispanic markets)
Vp-acct dir, Julio J. Castellanos
Vp-acct supr, Charles F. Magee , Jr.
Exec vp-media dir, Bibiana Grau

78. CBS

CBS Inc.

	media dollars 1983	1984
Magazines	$16,724,000	$27,680,000
Natl. Sun. mags.	200,000	873,000
Newspapers	6,695,000	10,589,000
Network tv	126,000	—
Spot tv	3,001,000	2,471,000
Network radio	133,000	84,000
Spot radio	113,000	961,000
Outdoor	61,000	68,000
Total	**$27,053,000**	**$42,726,000**

Classifications: radio stations (LNA B-430); tv stations (LNA B-440); records/tapes (LNA H-330)

Marketing/brand management:
Sports (TV)
Vp-comm, Robert V. Tassie
News (TV)
Dir adv & prom, Joseph R. Passarella
Television stations
Vp-aud mktg, Douglas C. Clemensen
Radio networks
Vp-gen mgr, Michael R. Ewing (Radio Network)
Vp-gen mgr, Robert Kipperman (RADIO RADIO)
(CBS owned AM stations)
Vp, Eugene Lothery
(CBS owned FM stations)
Vp, Robert Hyland III
(CBS Records)
Vp-adv & design, Linda Barton
Agencies: DDB, New York
Exec vp, Larry Iannuzzelli
Vp-acct supr, Robert Stern
Vp-dir newspaper/outdoor buying, Jack Cohen
Wunderman, Ricotta & Kline, N.Y.
(CBS Records — broadcast advertising)
Acct supr, Morris Baumstein
Ogilvy & Mather, N.Y./L.A.
Vp-mgmt suprs: Penny Bernstein (Entertainment & News — N.Y.); Marilyn Fidler (Entertainment — L.A.)
Sr vp-assoc media dir, Tony Nacinovich
Vp-assoc media dir, Kristina Allen

79. ABC
Capital Cities

	media dollars 1983	1984
Magazines	$22,453,000	$29,580,000
Natl. Sun. mags.	314,000	—
Newspapers	10,228,000	12,254,000
Network tv	—	—
Spot tv	1,000	49,000
Network radio	409,000	—
Spot radio	574,000	774,000
Outdoor	8,000	—
Total	**$33,987,000**	**$42,657,000**

Classifications: tv stations (LNA B-440); radio stations (LNA B-430)
Marketing/brand management:
(TV network)
Vp-adv/station prom, Paul W. Barrett
Dir adv, Russell Roney
(ABC-owned tv stations)
Pres, Richard A. O'Leary
(radio network)
Vp-sr exec, Bob Benson
(ABC-owned radio stations)
Pres, Charles DeBare
Vp-prod dev/plng, Phil Boyer
Agencies: McCaffrey & McCall, N.Y.
(TV network, Sports)
Sr vp-acct exec, Norman Freedman
Acct execs: Barry Weintraub, Pat Corrigan
Sr vp-media dir, Tom Wilson
Vp-assoc media dir, Hans Zucker
Media supr, Grace Mathias
Grey, New York
(Movies, ABC Theatre)
Exec vp-dir media & prog, Alec Gerster
Vp, Donald Foley
N W Ayer, N.Y.
(ABC News, corporate adv)
Exec vp-exec acct dir, Thomas F. Maxey
Sr vp-mgmt supr, Gerald Coleman
Vp-acct supr, Henry A. Hartwell, III
Vp-grp media dir, Beth Gordon
Vp-assoc media dir, Richard Alcott

80. IVORY soaps
Procter & Gamble

	media dollars 1983	1984
Magazines	$ 246,000	$ 2,442,000
Natl. Sun. mags.	—	—
Newspapers	—	32,000
Network tv	22,293,000	29,561,000
Spot tv	9,293,000	10,467,000
Network radio	—	120,000
Spot radio	—	14,000
Outdoor	—	—
Total	**$31,832,000**	**$42,636,000**

Classifications: soaps & detergents (LNA H-410); personal hygiene (LNA D-120); shampoos, conditioners, and cream rinses (LNA D-142)
Marketing/brand management:
Div mgrs, S. P. Donovan (packaged), C. C. Carroll (bar soap)
Adv mgrs: B. L. Byrnes (packaged), R. H. Van Wagener (bar soap)
The media group includes:
Dir ntwk rel, Russ Condit
Media dir, J. W. Van Cleave
Asst media dir, Gordon Young
Media mgrs: E. R. Plowden, Lynne C. Veil, James R. Maxwell, M. Grant
Media suprs: James P. Connell, S. F. Bentzinger, John Taylor, Susan Porter, Stuart Kunkler
Ntwk coor, Dinah J. Noble
Ntwk scheduler, Kathy Amann
Media asst, Judy Markel
Agencies: Saatchi & Saatchi, Compton, N.Y.
(Ivory Liquid)
Sr vp-mgmt dir, Paula Forman
Vp-acct supr, Amy Saypol
Acct mgr, Mary Haderlein
Asst acct mgr, Brooke Baker
Vp-assoc media dir, Pat O'Donnell
(Ivory Bar)
Mgmt supr, John Sloan
Acct supr, Vicki Tencati
Vp-assoc media dir, Pat O'Donnell
Benton & Bowles, N.Y.
(Ivory Snow)
Sr vp-dir acct mgmt, Tom Carey
Sr vp-mgmt supr, Ira Schwartz
Sr vp-mgr media plng/oper, Rich Hamilton
Vp-assoc media dir, Jeri Dack

81. LINCOLN
Ford Motor

	media dollars 1983*	1984
Magazines	$ 2,100,000	$ 8,151,000
Natl. Sun. mags.	—	282,000
Newspapers	9,109,000	14,440,000
Network tv	3,369,000	5,589,000
Spot tv	7,417,000	12,371,000
Network radio	—	—
Spot radio	353,000	865,000
Outdoor	721,000	268,000
Total	**$23,069,000**	**$41,966,000**

* revised

THE MAINE BUY IS BANGOR
- $3.2 billion effective buying income
- 18.8% annual retail sales growth (twice the national average)
- Phenomenal 71% weekday and 79% weekend coverage of home county

Consider the facts

REPRESENTED BY SAWYER-FERGUSON-WALKER
Bangor Daily News
The Maine Choice.
Sources: ABC Audit, Sept. 1984; Sales and Marketing Management, July 1983 and 1984.

Classification: cars (LNA T-110)
Marketing/brand management:
(Lincoln-Mercury div.)
Gen mktg mgr, Edsel B. Ford II
Advtg mgr, Thomas B. Ryan, Jr.
Agency: Young & Rubicam, Detroit
Exec vp-grp dir, John Sanders
Sr vp-grp dir, C. E. Riley
Sr vp-media dir, Ken Pool

82. DU PONT products
E.I. du Pont

	media dollars 1983*	1984
Magazines	$25,129,000	$26,408,000
Natl. Sun. mags.	2,852,000	3,176,000
Newspapers	819,000	43,000
Network tv	4,704,000	6,980,000
Spot tv	2,214,000	2,961,000
Network radio	771,000	818,000
Spot radio	1,387,000	1,324,000
Outdoor	2,000	6,000
Total	**$37,878,000**	**$41,716,000**

* revised

Classifications: manufactured materials (LNA B-510); apparel fabrics (LNA A-170); fibers (LNA H-133, 143)
Marketing/brand management:
Vp-mktg comm, Charles E. Crowley
Division directors: R. W. Nightengale, Jr. (textile fibers, international), H. E. Davis (chemicals, polymers, packaging, films), J. M. Murray, II (agricultural chemicals), R. E. Williams (finishes, fabricated products, corporate)
Group managers: John B. Brett, Jr. (corporate), James B. Boyer (textile fibers — industrial, carpet, fiberfill), Philip G. Byers (polymer products — engineering), Christine M. Ferrero (polymer products — packaging), Gerald W. Hale (agrichemicals), James C. Maneval (electronics), Thomas E. Minnich (biomedical), Daniel E. Motz (industrial), Frank G. Oswold (textile fibers — apparel, home furnishings), John S. Swajeski (consumer products), John P. Swan (chemicals, pigments, petrochemicals), Eileen S. Weber (polymer products — industrial), Daniel E. Weiss (photosystems)
Adv/prom reps: Duane Roach (hosiery, underwear, active wear), Edward Bispham (home upholstery, fabrics, curtains, draperies), Richard Lounsbury (fiberfill), Hubert A. Ockerfels (women's/men's wear), Patricia Beegle (intimate apparel)

Four-year trend totals start on page 52.

Agencies: N W Ayer, N.Y.
(Silverstone, Corian, Stren)
Exec vp-exec acct dir, George H. Eversman
Sr vp-mgmt supr, Mark Bollman (consumer)
Vp-mgmt supr, Ross Tompkins (industrial)
Vp-acct supr, Dick Kennedy
Vp-assoc media dir, Sue Kaufman
Media supr, Steve Brown
BBDO, New York
(Textile fibers/corporate)
Sr vp-mgmt suprs: Joseph Crowley, Bernard Gross (corporate), Frank Perkins (corporate)
Exec vp-dir of media srvcs, Arnie Semsky
Sr vp-dir media plng srvcs, Mike Drake
Sr vp-assoc media dir, John Belsiore (corporate)
Vp-assoc media dir, Mike Bienstock
Sr vp-dir ntwk tv & prog, William Croasdale
Vp-nwk prog supr, Stewart Shlossman
Media supr, Steve Kurtzer (corporate)
Ntwk buyer, Diane Lattanzi
Media plnrs: Stella Sznajderman, Pamela Bacon
Rumrill-Hoyt, Rochester, NY
(Agricultural chemicals)
Mgmt supr, Richard D. Thomson
Grp mgr, Keith Kuehn
Acct suprs: Graeme Blasdel, Paula Johnson
Acct execs: Jim Baxter, Mike Brunner, Frank Gilleland
Media dir, William Mackey
Media plnr, Jeri Gilleland
Barnum Communications, N.Y.
(pharmaceuticals, diagnostics/bioresearch, medical, x-ray)
Vp-acct suprs: Peter Neaman (diagnostics/bioresearch), L. S. Shapiro (pharmaceuticals)
Media dir, Maureen Liberti
Kelly Michener, Lancaster, PA
(connectors, film)
Acct supr, Greg Purcell
Acct exec, Chuck Hursen
Media dir, Harry Rolfe

83. PANASONIC products
Matsushita Electric

	media dollars 1983*	1984
Magazines	$ 7,542,000	$14,087,000
Natl. Sun. mags.	71,000	—
Newspapers	1,248,000	3,586,000
Network tv	—	35,000
Spot tv	7,583,000	12,216,000
Network radio	—	—
Spot radio	2,415,000	5,746,000
Outdoor	134,000	238,000
Total	**$18,993,000**	**$41,654,000**

* revised

Classifications: small appliances and equipment (LNA H-220); office machines (LNA B-320); men's shavers (LNA D-125); home electronics (LNA H-310)
Marketing/brand management:
Gen mgrs: Frank Novak (industrial), Bob Greenberg (consumer)
Agencies: Ted Bates, New York
Exec vp-client srvcs, John Noakes
Sr vp-mgmt rep, Vito Mandato
Vp-media dir, Nancy Clott
Grey, New York
(Technics, 2-way, microwave ovens, batteries)
Exec vp-mgmt rep, Stew Hegleman
Exec vp-dir media & prog, Alec Gerster
Vp-assoc media dir, Russ Booth

84. SEVEN-UP soft drink
Philip Morris

	media dollars 1983	1984
Magazines	$ 406,000	$ 811,000
Natl. Sun. mags.	314,000	—
Newspapers	1,760,000	1,151,000
Network tv	13,503,000	22,087,000
Spot tv	6,402,000	12,154,000
Network radio	—	—
Spot radio	2,935,000	4,823,000
Outdoor	958,000	439,000
Total	**$26,278,000**	**$41,465,000**

Classification: soft drinks (LNA F-220)
Marketing/brand management:
Vp-media srvcs, Ralph Countryman
Vp-brand mgmt, David Haffner
Agencies: N W Ayer, N.Y.
Sr vp-exec acct dir, David Gantman
Sr vp-mgmt supr, Lauren Tucker
Vp-acct suprs: R. C. Morrison (Diet 7 Up), L. W. Stabile, III
Sr vp-grp media dir, Jane Twyon
Vp-assoc media dir, Allen Brivic

Media supr, Mitch Borden
UniWorld Group, N.Y.
(Minority marketing)
Acct supr, Ron Owens
Vp-dir of mktg/Hispanic div, Fermina Platon
Mgmt supr/Hispanic div, Neil Campbell
Media dir, Sherri Cherot
Assoc media dir, Irene Flores

85. TRUE VALUE hardware stores
Cotter & Co.

	media dollars 1983	media dollars 1984
Magazines	$ 5,324,000	$ 4,558,000
Natl. Sun. mags.	—	—
Newspapers	(no data)	(no data)
Network tv	4,202,000	11,843,000
Spot tv	13,946,000	14,640,000
Network radio	9,648,000	10,201,000
Spot radio	724,000	—
Outdoor	9,000	33,000
Total	**$33,853,000**	**$41,275,000**

Classification: Miscellaneous (retail) LNA G-719)
Marketing/brand management:
Sec/treas-mdsg mgr, Ed Lanctot
Agency: Christenson, Barclay & Shaw, Chicago
Pres-acct exec, Jerry Christenson
Media dir, Teresa Miller

86. WINSTON cigarettes
R. J. Reynolds

	media dollars 1983	media dollars 1984
Magazines	$19,769,000	$15,299,000
Natl. Sun. mags.	4,169,000	3,803,000
Newspapers	12,108,000	8,683,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	12,915,000	13,139,000
Total	**$48,961,000**	**$40,924,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-brand mktg, Marty Orlowsky
Grp mktg dir, G. W. McKenna
Sr brand manager, J. J. Griffin
Dir media, Dan Pearson
Grp mgr media admin, R. E. Neal
Grp plng mgr, Bernie Bauguess
Brand plng mgr, Neal Sandler
Agency: McCann-Erickson, N.Y.
(Creative only)
Exec vp, Edward G. A. Bathon
Sr vp-mgmt rep, Robert J. Dunn

87. U.S. ARMY
U.S. Army Recruiting Command

	media dollars 1983	media dollars 1984
Magazines	$ 7,148,000	$ 9,025,000
Natl. Sun. mags.	—	—
Newspapers	644,000	602,000
Network tv	18,189,000	24,826,000
Spot tv	7,000	4,000
Network radio	2,376,000	1,253,000
Spot radio	2,761,000	4,124,000
Outdoor	274,000	140,000
Total	**$31,125,000**	**$39,974,000**

Classification: U.S. Government (LNA B-160)
Marketing/brand management:
Dir adv/sales prom, Col. Donald F. Borden
Chief-media dist, Maj. Robert Gaylord
Agencies: N W Ayer, N.Y.
Exec vp-exec acct dir, George Eversman
Sr vp-mgmt supr, Lamar LeMonte
Sr vp-mgmt supr, Roy Robinson
Vp-grp media dir, David Lehmkuhl
Vp-assoc media dir, Ellen Tanenbaum
Media supr, Ria Vigil
Lockhart & Pettus, New York
(Black ethnic program)
Sr vp-dir client srvcs, Ronn Harris
Acct coor, Alicia Evans

88. MCI
MCI Communications

	media dollars 1983	media dollars 1984
Magazines	$ 1,833,000	$ 2,519,000
Natl. Sun. mags.	—	—
Newspapers	1,374,000	3,705,000
Network tv	1,711,000	—
Spot tv	29,230,000	32,829,000
Network radio	—	—
Spot radio	1,743,000	715,000
Outdoor	80,000	21,000
Total	**$35,971,000**	**$39,789,000**

Classification: communications (LNA B-140)
Marketing/brand management:
Dir mktg, Roy Gamse
Pres-mktg, Bert Roberts
Mktg/adv dir, Anne Weeks
Adv mgr, Karyn Selko
Agency: Ally & Gargano, N.Y.
Sr vp-mgmt supr, Jim Feeney
Vp-mgmt supr, Barry Ofstedal
Sr vp-media dir, Larry Dexheimer
Vp-media grp head, Gene Willhoft

89. HERSHEY products
Hershey Foods

	media dollars 1983	media dollars 1984
Magazines	$ 6,160,000	$ 9,509,000
Natl. Sun. mags.	199,000	—
Newspapers	1,138,000	132,000
Network tv	12,200,000	23,184,000
Spot tv	3,609,000	5,705,000
Network radio	396,000	870,000
Spot radio	134,000	168,000
Outdoor	—	—
Total	**$23,836,000**	**$39,568,000**

Classification: Ingredients/candies (LNA F-115, 211)
Marketing/brand management:
Mktg vp, Jay Carr
Dirs of mktg: Michael Holmes (candy bars, packaged candy), A. F. Germann (grocery products)
New business dev vp, J. H. Dowd
Dir of new prods, A. J. Pingitore
Mgr media rel, J. Brian Herrmann
Agencies: DDB, New York
Vice chmn, Peter Falcone
Grp-sr vp, Peter Tate
Exec vp-media & prog dir, Mike Drexler
Vp-media plng dir, Steve Caputo
Assoc media plng dir, Liz Lubarsky
Ogilvy & Mather, N.Y.
Sr vp-mgmt supr, Michael Vaughan
Sr vp-assoc media dir, Tony Nacinovich
Vp-assoc media dirs: Kristina Allen, Anthony DeSena, Mark Belton

90. COLUMBIA motion pictures
Coca-Cola

	media dollars 1983	media dollars 1984
Magazines	$ 261,000	$ 1,650,000
Natl. Sun. mags.	—	—
Newspapers	24,000	833,000
Network tv	37,964,000	29,994,000
Spot tv	2,206,000	1,562,000
Network radio	—	—
Spot radio	1,485,000	5,277,000
Outdoor	150,000	165,000
Total	**$42,090,000**	**$39,481,000**

Classification: movies (LNA G-310)
Marketing/brand management
Pres-mktg/res, Ashley Boone
Sr vp, dir of adv, Steve Kasloff
Agencies: Ogilvy & Mather, L.A.
(motion pictures)
Vp-mgmt supr, Mary Ellen Stoetzel
Sr vp-media dir, Ron Reilly

Vp-assoc media dir, Tom Coughlin
Dir local bdcst, Ro Campbell
Stursberg & Hewitt, Los Angeles
(Tv programs)
Vp-client srvc, David Stone
Media dir, John Cull

91. GTE
GTE Corp

	media dollars	
	1983	1984
Magazines	$ 5,922,000	$ 6,221,000
Natl. Sun. mags.	—	—
Newspapers	4,655,000	11,299,000
Network tv	6,061,000	7,917,000
Spot tv	6,589,000	10,030,000
Network radio	—	—
Spot radio	2,458,000	2,970,000
Outdoor	6,000	31,000
Total	**$25,691,000**	**$38,468,000**

Classification: communications (LNA B-140)
Marketing/brand management:
Vp-corp comm, Edward C. MacEwen
Vp-mktg & bus plng (telephone operations) Henry Donaldson
Asst vp-mktg & sales oper, Thomas White
Dir-mktg comm (telephone operations), Roger Brown
Agency: Doyle Dane Bernbach, N.Y.
Exec vp, Larry Iannuzzelli
Grp sr vp, Denis Crosley
Vp-mgmt supr, Joseph McParland
Vp-acct suprs: Joe Belle Isle, Nancy Bretl
Vp-media plng dir, George Huelser
Assoc media plng dir, Davis Stewart

92. BETTY CROCKER foods
General Mills

	media dollars	
	1983	1984
Magazines	$ 6,217,000	$ 6,857,000
Natl. Sun. mags.	—	—
Newspapers	914,000	589,000
Network tv	19,064,000	19,724,000
Spot tv	5,147,000	10,170,000
Network radio	1,211,000	825,000
Spot radio	—	—
Outdoor	—	—
Total	**$32,553,000**	**$38,165,000**

Classifications: cooking products (LNA F-110); prepared food (LNA F-120); bakery goods (LNA F-160)
Marketing/brand management:
Vp-dir of mktg srvcs, Stephen R. Demeritt
Adv srvcs dir, Robert J. Blake
Media srvcs dir, Hal Nitch
Media mgr, Pamela Rothmeier
Agency: Needham Harper Worldwide, Chicago
Sr vp-mgmt rep, Stuart Sharpe
Vp-acct supr, Ray Gillette
Sr vp-media dir, Michael White
Sr vp-assoc media dir, David Drake
Sr vp-dir media oper, William F. Heimann
Vp-assoc media dir, Geoffrey McClelland
Vp-ntwk assoc dir, Warren Siddall

93. HALLMARK cards
Hallmark Cards

	media dollars	
	1983	1984
Magazines	$ 509,000	$ 8,928,000
Natl. Sun. mags.	—	—
Newspapers	65,000	219,000
Network tv	18,668,000	27,396,000
Spot tv	1,381,000	1,355,000
Network radio	276,000	—
Spot radio	—	2,000
Outdoor	—	2,000
Total	**$20,899,000**	**$37,902,000**

Classification: greeting cards (LNA B-331)
Marketing/brand management:
Dir adv & tv prog, Brad R. Moore
Mgr prod adv, Ira Stolzer
Mgr mktg comm, Nancy Matheny
Agency:
Ogilvy & Mather, NY
Sr vp-grp dir, Brendan Ryan
Vp-mgmt supr, Linda Cornelius
Acct supr, Steve Harty
Sr vp-assoc media dir, Raymond Simko
Vp-asst media dir, Alan Orlick

94. MIDAS auto supplies
IC Industries

	media dollars	
	1983	1984
Magazines	$ 1,117,000	$ 1,200,000
Natl. Sun. mags.	—	—
Newspapers	(no data)	(no data)
Network tv	12,817,000	13,934,000
Spot tv	11,916,000	12,585,000
Network radio	—	—
Spot radio	6,182,000	10,103,000
Outdoor	3,000	14,000
Total	**$32,035,000**	**$37,836,000**

Classification: auto parts & accessories (LNA T-154)
Marketing/brand management:
Vp mktg, Ralph Linder
Media mgr, Karen Greco
Agency: Wells, Rich, Greene, Chicago
Pres, Larry Singer
Vp-mgmt supr, Jim Avery
Vp-media dir, Jill Cassorla
Assoc media dir, David Kelly

95. FEDERAL EXPRESS
Federal Express Corp.

	media dollars	
	1983	1984
Magazines	$ 1,430,000	$ 3,052,000
Natl. Sun.mags.	—	—
Newspapers	896,000	3,587,000
Network tv	20,005,000	23,675,000
Spot tv	2,766,000	6,959,000
Network radio	—	—
Spot radio	49,000	278,000
Outdoor	32,000	22,000
Total	**$25,178,000**	**$37,573,000**

Classification: air cargo (LNA B-612)
Marketing/brand management:
Sr vp-mktg/cust srvcs admin, Thomas R. Oliver
Vp-mktg, Carole A. Presley
Adv mgr, Nancy Altenburg
Agency: Ally & Gargano, N.Y.
Chmn & pres, Amil Gargano
Sr vp-mgmt supr, Dennis Visich
Vp-mgmt supr, Dennis Glennon
Vp-assoc media dir, Hal Zwick

96. TACO BELL restaurants
PepsiCo

	media dollars	
	1983	1984
Magazines	—	—
Natl. Sun. mags.	—	—
Newspapers	—	—
Network tv	—	—
Spot tv	$18,560,000	$28,473,000
Network radio	—	—
Spot radio	3,589,000	8,792,000
Outdoor	95,000	222,000
Total	**$22,244,000**	**$37,487,000**

Classification: restaurants (LNA G-330)
Marketing/brand management:
Vp-mktg, James P. Loser
Vp-field mktg, Dane Waitkus
Dir, field mktg, Parry Robson
Mgr, media srvcs, Diane Nivison
Agency: Tracy-Locke/BBDO, Dallas
Exec vp-mgmt rep, Rod Underhill
Vp-acct supr, Todd Knudson
Vp-assoc media dir, Sandra McQuality

97. SUBARU cars
Subaru of America (Fuji)

	media dollars	
	1983	1984
Magazines	$ 3,296,000	$ 4,557,000
Natl. Sun. mags.	—	—
Newspapers	2,689,000	4,552,000
Network tv	11,909,000	12,615,000
Spot tv	14,394,000	14,963,000
Network radio	—	—
Spot radio	78,000	595,000
Outdoor	142,000	197,000
Total	**$32,508,000**	**$37,479,000**

Classification: cars (LNA T-112)
Marketing/brand management:
Vp-corp comm, Doug Mahin
Natl adv mgr, Chris Wackman
Mgr, advtg media, Rick Balsiger
Mgr, advtg prod, Karen Allen
Agency: Levine, Huntley, Schmidt & Beaver, New York
Sr vp-mgmt supr, Terry Bonaccolta
Vp-acct supr, Michael Elkisch
Sr vp-media, Jim Dragoumis
Dir print media, Vivian Riley
Dir media srvcs, Mike Daly

98. MERCEDES-BENZ autos
Mercedes-Benz of N.A.

	media dollars	
	1983	1984
Magazines	$ 14,231,000	$14,098,000
Natl. Sun. mags.	547,000	203,000
Newspapers	6,586,000	6,507,000
Network tv	12,677,000	13,818,000
Spot tv	2,679,000	487,000
Network radio	—	—
Spot radio	2,136,000	2,354,000
Outdoor	55,000	—
Total	**$38,911,000**	**$37,467,000**

Classification: passenger cars (LNA T-110)
Marketing/brand management:
Gen mgr-mktg comm dept, Robert C. Owens, Jr.
Adv mgr, J. Kevin Davidson
Agency: McCaffrey & McCall, N.Y.
Sr vp-grp dir, William Vieser
Sr vp-media dir, Tom Wilson
Vp-assoc media dir, Hans Zucker

Four-year trend totals start on page 52.

99. HASBRO games and toys
Hasbro Inc.

	media dollars	
	1983	1984
Magazines	$ 948,000	$ 2,025,000
Natl. Sun. mags.	—	—
Newspapers	—	—
Network tv	4,647,000	14,258,000
Spot tv	13,942,000	20,888,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$19,537,000**	**$37,171,000**

Classification: games, toys (LNA G-460)
Marketing/brand management:
Sr vp-mktg, Steve Schwartz
Agency: Griffin Bacal Inc. N.Y.
Pres, Tom Griffin
Exec vp, client srvcs, Paul Kurnit
Mgmt suprs: Gary Wald, Bob Martin
Exec vp-media prog srvcs, Arthur Heller

100. HANES products
Hanes Corp.
(Sara Lee Corp.)

	media dollars	
	1983*	1984
Magazines	$ 3,441,000	$ 5,245,000
Natl. Sun. mags.	270,000	308,000
Newspapers	447,000	788,000
Network tv	14,910,000	27,245,000
Spot tv	1,042,000	3,522,000
Network radio	227,000	—
Spot radio	24,000	—
Outdoor	15,000	14,000
Total	**$20,376,000**	**$37,122,000**

* revised

Classifications: hosiery (LNA A-160); underwear (LNA A-120)
Marketing/brand management:
Vp-mktg, Robert E. Simms
Grp prod mgr, Mel Jordan
Prod mgr, Christine A. Findlan
Agency: DFS, New York
Sr vp-mgmt supr, Len DeLuca
Acct supr, Harley Griffiths
Exec vp-dir mktg srvcs, Allen Banks
Sr vp-sr assoc media dir, Ira Weinblatt
Vp-assoc media dir, Rich O'Gorman

101. COLUMBIA records
CBS

	media dollars	
	1983	1984
Magazines	$10,238,000	$13,760,000
Natl. Sun. mags.	12,964,000	11,429,000
Newspapers	7,959,000	10,274,000
Network tv	—	—
Spot tv	1,402,000	1,355,000
Network radio	—	—
Spot radio	11,000	—
Outdoor	—	3,000
Total	**$32,574,000**	**$36,821,000**

Classification: records and tapes (LNA H-330)
Marketing/brand management:
Sr vp-gen mgr, Alvin Teller (Columbia), Don Dempsey (Epic/Portrait)
Vps-mktg: Bob Sherwood (Columbia), Ron McCarrell (Epic/Portrait)
Agencies: Wunderman, Ricotta & Kline, N.Y.
(Columbia Record Club)
Exec vp, Thomas Knowlton
CRU Advertising, New York
(house agency)
Vp-adv, Linda Barton
Media dirs, Yvonne Ericson (tv, print), Peggy Mulhall (radio)

102. MORE cigarettes
R. J. Reynolds

	media dollars	
	1983	1984
Magazines	$16,885,000	$20,326,000
Natl. Sun. mags.	4,849,000	2,982,000
Newspapers	13,536,000	10,651,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	6,124,000	2,771,000
Total	**$41,394,000**	**$36,730,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-mktg, Marty Orlowsky
Vp-brand mgmt, H. J. Lees
Grp mktg dir, G. W. McKenna
Mktg dir, Jerry McKenna
Brand mgr, D. S. Johnson
Dir mktg srvcs, G. T. Baroody
Dir media, Dan Pearson
Grp mgr media admin, R. E. Neal
Agency: Leber Katz Partners, N.Y.
(Creative)
Exec vp-dir client srvcs, Robert Hirsch
Vp-acct grp supr, Janice Lee
Acct exec, Rosemary O'Leary

103. NBC radio/tv

RCA Corp.

	media dollars 1983*	media dollars 1984
Magazines	$17,445,000	$23,202,000
Natl. Sun. mags.	—	—
Newspapers	7,816,000	10,067,000
Network tv	—	—
Spot tv	159,000	5,000
Network radio	1,781,000	712,000
Spot radio	494,000	2,622,000
Outdoor	—	60,000
Total	$27,703,000	$36,668,000

* revised

Classifications: tv stations (LNA B-440); radio stations (LNA B-430)

Marketing/brand management:

(Network tv operations)

Vp-adv oper/admin, Paul Wang

Dir of media, Marla Goldstein (Burbank)

Vp-adv & prom, Frank N. Pintauro (N.Y.)

(WNBC-TV)

Station mgr, Hilary Hendler

(radio operations)

Dir adv & prom, Linda Lipman (WNBC)

Mgr adv & prom, Lesie Juceam (WYNY)

Agency: Diener/Hauser/Bates, Los Angeles/New York

Exec vp-media, Norman Trell (N.Y.)

Media dir/plnr, Sylvia Greenspan (L.A.)

Acct supr, Barry Orell (L.A.)

104. UNIVERSAL CITY studios

MCA, Inc.

	media dollars 1983	media dollars 1984
Magazines	$ 2,079,000	$ 467,000
Natl. Sun. mags.	26,000	—
Newspapers	113,000	41,000
Network tv	15,945,000	27,905,000
Spot tv	11,625,000	1,754,000
Network radio	254,000	1,110,000
Spot radio	1,262,000	1,054,000
Outdoor	33,000	339,000
Total	$31,337,000	$36,060,000

Classification: movies (LNA G-310)

Marketing/brand management:

Vp-media & co-op adv, John Butkovich

Vp-mkt res, Roger Seltzer

Media mgr, Hy Levine

Agency: DDB, Los Angeles

Exec vp-mgmt supr, Simon Kornblitt

Vp-acct supr, Ann Marie Whitman

Acct exec, Steve Thompson

Sr vp-dir of media, Jim Spero

Media supr, Alycia Paul

105. QUAKER foods

Quaker Oats Co.

	media dollars 1983	media dollars 1984
Magazines	$ 2,911,000	$ 2,802,000
Natl. Sun. mags.	266,000	197,000
Newspapers	348,000	756,000
Network tv	21,952,000	24,550,000
Spot tv	9,301,000	7,007,000
Network radio	—	—
Spot radio	53,000	653,000
Outdoor	—	—
Total	$34,831,000	$35,965,000

Classifications: cereals (LNA F-122), cookies (LNA F-163)

Marketing/brand management:

Pres (foods) Phil Marineau

Vps-prod mgmt: Bucky Criss (hot/RTE cereals, corn products), Larry Hathaway (snacks)

Vp-dir of adv, Charles E. Decker

Media dir, Bill Brown

Agencies: BBDO, New York

(cereals, foods)

Vp mgmt supr, Rick Swanson

Exec vp-dir media srvcs, Arnie Semsky

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Sr vp-dir media plng srvcs, Mike Drake
Vp-ntwk supr, Larry Blasius
Assoc media dir, Les Margulis
Media supr, Jayne Minardi
Media plnr, Karen Larcombe
Berry-Brown Adv., Dallas
(corn products/new areas)
Acct supr, Robert E. Berry
Acct mgr, Tricia Magel
Media dir, Sharon Griesing
Assoc media dir, Marci Huber
Adcom, Inc., Chicago
(house agency)
Vp-dir of media, Joan G. Stark
Conill Advertising, N.Y.
(Hispanic markets)
Vp-acct dir, Julio J. Castellanos
Vp-acct supr, Charles F. Magee, Jr.
Exec vp-media dir, Bibiana Grau

106. KLEENEX paper products
Kimberly Clark

	media dollars	
	1983	1984
Magazines	$ 667,000	$ 1,219,000
Natl. Sun. mags.	115,000	—
Newspapers	—	92,000
Network tv	17,706,000	27,225,000
Spot tv	8,873,000	6,992,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$27,361,000**	**$35,528,000**

Classifications: paper products (LNA H-232), underwear (LNA A-120)
Marketing/brand management:
Vp-bus mgr, Richard Van Driest
Dir adv srvcs, George Ker
Mktg dir (facial tissues), James Jackson
Mktg dir (roll products), John Cook
Vp bus mgr (Huggies), Richard Auchter
Mktg dir (Huggies), Dudley Lehman
Agencies: Foote, Cone & Belding, Chicago
(facial tissues)
Sr vp-grp acct dir, Dan Fox
Vp-acct dir, Terry Peigh
Sr vp-dir of media, Fred Wray
Grp media dir, Pat Mendintz
Media supr, Margaret Fetscher
Ogilvy & Mather, New York
(Kleenex Huggies)
Sr vp-grp dir, Cliff Angers
Vp-mgmt supr, David Mechlin
Vp-assoc media dir, Ray Simko
Vp-asst media dir, Barbara Kupersmith

107. COMMODORE computers
Commodore International

	media dollars	
	1983	1984
Magazines	$ 2,794,000	$ 7,922,000
Natl. Sun. mags.	—	—
Newspapers	2,383,000	3,130,000
Network tv	53,201,000	22,407,000
Spot tv	1,613,000	1,446,000
Network radio	—	—
Spot radio	1,230,000	10,000
Outdoor	—	—
Total	**$61,221,000**	**$34,915,000**

Classification: office machines (LNA B-320)
Marketing/brand management:
Vp-sales, Jon Winters
Vp-mktg, Robert Trukenbrod
Dir of adv, Julie Bauer
Agency: Ted Bates, N.Y.
Acct supr, Abe Gorelick
Vp-media dir, John Potenzano

108. FOLGER'S coffee
Procter & Gamble

	media dollars	
	1983	1984
Magazines	—	—
Natl. Sun. mags.	—	—
Newspapers	$ 42,000	$ 33,000
Network tv	12,729,000	23,458,000
Spot tv	13,286,000	10,710,000
Network radio	—	513,000
Spot radio	224,000	56,000
Outdoor	—	—
Total	**$26,281,000**	**$34,770,000**

Classification: coffee (LNA F-171)
Marketing/brand management:
Div mgr, B. J. Hintz
Adv mgr, M. Upson
The media group includes:
Dir ntwk rel, Russ Condit
Media dir, J. W. Van Cleave
Asst media dir, Gordon Young
Media mgrs: E. R. Plowden, Lynne C. Veil, James R. Maxwell, Marian Grant
Media suprs: James P. Connell, S. F. Bentzinger, John Taylor, Susan Porter, Stuart Kunkler
Ntwk coor, Dinah J. Noble
Ntwk scheduler, Kathy Amann
Media asst, Judy Markel
Agency: Cunningham & Walsh, N.Y.
Exec vp-dir, mktg & media srvcs, Frank McDonald
Sr vp-media, Howard Nass
Vp-media, Marcia Chapman
Media suprs: Danny Trachtenberg (instant), Aileen Takaki (vacuum/flaked)
Vp-acct suprs: Richard Rapp (instant), Craig Barnes (vacuum/flaked)

109. MAYBELLINE cosmetics
Schering-Plough

	media dollars	
	1983	1984
Magazines	$11,802,000	$13,601,000
Natl. Sun. mags.	—	—
Newspapers	—	—
Network tv	14,932,000	17,937,000
Spot tv	3,218,000	2,413,000
Network radio	—	—
Spot radio	331,000	727,000
Outdoor	—	—
Total	**$30,283,000**	**$34,678,000**

Classification: cosmetics (LNA D-110)
Marketing/brand management:
Exec vp, Hank Pellegrin
Sr vp-mktg, Gary Mulloy
Vp-adv, Bob Schreiber
Agencies: Lake-Spiro-Shurman, Memphis
(house agency)
Pres, Avron Spiro, Jr.
Vp-natl media, Lynn Sanders
Vp-media resources, Gene Camerik (creative agencies)
Ted Bates, N.Y.
Exec vp-client srvcs, Joan Rothberg
Acct suprs: Lynne King, Barbara Gutekunst
Acct exec, Laura Garry
Bloom, Dallas
(Moisture Whip, Daydreams)
Pres, Tony Wainwright
Vp-mgmt supr, Sherri Babcock
Acct exec, Steve Vittorini

110. SOUTHWESTERN BELL

	media dollars	
	1983	1984
Magazines	$ 1,633,000	$ 783,000
Natl. Sun. mags.	—	299,000
Newspapers	5,284,000	5,798,000
Network tv	—	—
Spot tv	—	19,461,000
Network radio	—	—
Spot radio	6,520,000	7,406,000
Outdoor	—	228,000
Total	**$13,437,000**	**$33,975,000**

Classification: communications (LNA B-145)
Marketing/brand management:
Asst vp-pub rel, Don C. Lottman (Southwestern Bell Telephone)
Div staff mgr, adv, Dana O. Campbell
Agencies: D'Arcy MacManus Masius, St. Louis
Sr vp-sr mgmt rep, Edward C. Barnidge
Vp-acct suprs: William Mund (telecommunications, corporate), Gail Foster (telephones & company)
Sr vp-grp media dir, James Porcarelli
Vp-assoc media dir, Mary Jo Anderson
Gardner Advertising, St. Louis
(Publications)
Vp-acct supr, Doug Herrman
Media supr, Kathy Lawson
Bozell & Jacobs, Dallas
(Mobile Systems)
Acct supr, Henry Roren
Vp-dir media plng, Phil Brushaber

111. BMW cars and motorcycles

BMW of North America

	media dollars 1983	1984
Magazines	$ 6,511,000	$ 9,014,000
Natl. Sun. mags.	17,000	6,000
Newspapers	4,761,000	6,065,000
Network tv	1,488,000	2,983,000
Spot tv	4,317,000	6,562,000
Network radio	—	—
Spot radio	870,000	1,932,000
Outdoor	87,000	3,000
Total	$18,051,000	$26,565,000

Classifications: passenger cars (LNA T-112); motorcycles (LNA T-115)
Marketing/brand management:
Vp-mktg, Hans Riedel
Mktg comm mgr, Brian Richardson
Agency: Ammirati & Puris, N.Y.
Exec vp-acct srvcs, William Hazzard
Sr vp-dir media srvcs, Arthur J. Molesphini
Media suprs: Paula Brooks, Amy Steinman

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112. WHIRLPOOL appliances

Whirlpool Corp.

	media dollars 1983	1984
Magazines	$ 5,355,000	$ 8,682,000
Natl. Sun. mags.	—	—
Newspapers	1,898,000	1,315,000
Network tv	12,178,000	13,817,000
Spot tv	773,000	1,023,000
Network radio	—	2,477,000
Spot radio	—	1,788,000
Outdoor	21,000	3,647,000
Total	$20,225,000	$32,749,000

Classification: major appliances (LNA H-210)
Marketing/brand management:
Dir vp-mktg comm, David Allen
Natl adv mgr, Herb Rose
Agencies: D'Arcy MacManus Masius/Bloomfield Hills, MI
Vice chmn, Robin Smith
Exec vp-mgmt supr, Richard P. Monley
Vp-acct supr, Ken Brandt
Sr vp-dir mktg & res, Charles Stannard
Sr vp-media dir, George Rogers
Vp-grp media dir, Ed Coosia
The Netedu Co., Benton Harbor, MI
Pres, Charles F. Worthington
Acct execs: John Hoffman, Bill Sherrington, Mike Kosinski, Mike Nitz

113. 20TH CENTURY-FOX films

20th Century-Fox Film Corp.

	media dollars 1983	1984
Magazines	$ 685,000	$ 1,004,000
Natl. Sun. mags.	411,000	—
Newspapers	615,000	102,000
Network tv	24,266,000	22,020,000
Spot tv	10,978,000	8,723,000
Network radio	123,000	653,000
Spot radio	1,035,000	442,000
Outdoor	217,000	323,000
Total	$38,330,000	$32,722,000

Classification: movies (LNA G-310)
Marketing/brand management:
(features)
Vp-adv, Tim Deegan
Vp-crtv srvcs, Brenda Mutchnick
(television)
Vp-crtv srvcs, Jerry Greenberg
Agencies: JWT, Entertainment Div.
(features)
(Los Angeles)
Vp-acct supr, Ken Markman
Acct rep, Cheryl Barnes
Media supr, Janine Bleak
(New York)
Vp-acct supr, Michael Arkin
Media supr, Mary Hunt
Horlick Levin Hodges, L.A.
(television)
Sr vp-mktg & media, Robert L. Hodges

114. 7-ELEVEN food stores

Southland Corp.

	media dollars 1983	1984
Magazines	—	$ 202,000
Natl. Sun. mags.	—	—
Newspapers	—	(no data)
Network tv	—	8,669,000
Spot tv	—	11,932,000
Network radio	—	—
Spot radio	—	10,998,000
Outdoor	—	871,000
Total	—	$32,672,000

Classification: all retail
Marketing/brand management:
Vp-mktg — retail, Frank McKeown
Adv & sales prom mgr, John Shanahan
Media mgr, Mary Lee Kilgore
Agency: Young & Rubicam, N.Y.
(creative only)
Mgmt supr, Robert Gleckler
Acct supr, Sean Healey

115. TIME

Time Inc.

	media dollars 1983	1984
Magazines	$12,572,000	$16,560,000
Natl. Sun. mags.	551,000	42,000
Newspapers	2,129,000	1,713,000
Network tv	2,000	6,000
Spot tv	12,907,000	14,243,000
Network radio	—	—
Spot radio	240,000	31,000
Outdoor	—	—
Total	$28,399,000	$32,595,000

Classification: publishing and media (LNA B-400)
Marketing/brand management:
Prom dir (Time magazine), George Berger
Dir corp circ prom, David Roberts
Sr vp-mktg (books), William Henry
Acting mktg dir, Maria Hoskins
Agencies: Young & Rubicam, N.Y.
(Time magazine)
Vp-acct supr, Ed Daley

Vp-media grp supr, Ellen Oppenheim
Media supr, Sandy Welsh
Wunderman, Ricotta & Kline, N.Y.
(Time circulation, Time-Life books)
Exec vp, Thomas Knowlton
AyerDirect, N.Y.
(Time-Life Books)
Sr vp-mng dir, Beverly Beaudoin
Assoc media dir, Gina Buttafoca (print)

116. LYSOL disinfectants

Sterling Drug

	media dollars 1983	media dollars 1984
Magazines	$ 13,000	$ 299,000
Natl. Sun. mags.	—	—
Newspapers	96,000	149,000
Network tv	28,991,000	28,812,000
Spot tv	4,320,000	3,323,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$33,420,000**	**$32,523,000**

Classifications: disinfectants (LNA H-242); cleaners (LNA H-430)
Marketing/brand management:
Vp-mktg, Richard Gaccione
Mgr sales prom, Tony Rigione
Agency: SSC&B, New York
Exec vp, R. Wadsworth
Vp-dir media plng, Janice Clements
Vp-assoc media dir, Mae Ling
Asst media dir, Jeff Dunetz

117. CREST toothpaste

Procter & Gamble

	media dollars 1983	media dollars 1984
Magazines	$ 4,585,000	$ 2,505,000
Natl. Sun. mags.	—	—
Newspapers	920,000	—
Network tv	26,748,000	22,217,000
Spot tv	5,653,000	5,101,000
Network radio	—	1,709,000
Spot radio	—	762,000
Outdoor	91,000	158,000
Total	**$37,997,000**	**$32,462,000**

Classification: dental supplies (LNA D-121)
Marketing/brand management:
Div mgr, C. A. Lieppe
Adv mgr, M. S. Levy
The media group includes:
Dir ntwk rel, Russ Condit
Media dir, J. W. Van Cleave
Asst media dir, Gordon Young
Media mgrs: E. R. Plowden, Lynne C. Veil, James R. Maxwell, Marian Grant
Media suprs: James P. Connell, S. F. Bentzinger, John Taylor, Susan Porter, Stuart Kunkler
Ntwk coor, Dinah J. Noble
Ntwk scheduler, Kathy Amann
Media asst, Judy Markel
Agencies: Benton & Bowles, N.Y.
Sr vp-dir acct mgmt, Tom Carey
Sr vp-mgmt supr, Ira Schwartz
Acct supr, Ave Dan
Sr vp-mgr media plng/oper, Rich Hamilton
Vp-assoc media dir, Jeri Dack
Asst media dir, Mark McLaughlin
Burrell, Chicago
(Black markets)
Acct supr, Fay Ferguson
Acct exec, Alisa King
Media dir, Nick Howse
Sr media plnr, Zeline Kelly

118. SALEM cigarettes

R. J. Reynolds

	media dollars 1983	media dollars 1984
Magazines	$21,094,000	$18,048,000
Natl. Sun. mags.	2,084,000	—
Newspapers	9,731,000	1,307,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	11,387,000	13,025,000
Total	**$44,296,000**	**$32,380,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-mktg, Marty Orlowsky
Vp-brand mgmt, H. J. Lees
Mktg dir, R. M. Sanders
Sr brand mgr, S. R. Strausburg
Dir mktg srvcs, G. T. Baroody
Dir media, Dan Pearson
Grp mgr media admin, R. E. Neal
Agency: William Esty, N.Y.
(creative)
Pres-acct grp head, L. M. Wassong
Sr vp-assoc acct grp head, J. E. Neal
Vp-acct supr, Philip Shaner

119. NYNEX

	media dollars 1983	media dollars 1984
Magazines	$ 909,000	$ 3,775,000
Natl. Sun. mags.	208,000	668,000
Newspapers	14,803,000	11,781,000
Network tv	—	—
Spot tv	4,000	14,536,000
Network radio	—	—
Spot radio	2,598,000	1,371,000
Outdoor	—	45,000
Total	**$18,522,000**	**$32,176,000**

Classification: communications (LNA B-145)
Marketing/brand management:
(NYNEX)
Vp-mktg/sales, James E. Hennessey
Dist mgr-adv, Mary Magner (yellow/white pages)
(New York Telephone)
Asst vp-adv, Emery Westfall
Div staff mgr-adv, Lou Kruh
(New England Telephone)
Div adv mgr, Geraldine O'Brien
Dist adv mgrs: Michael Kramer (business/corporate), Gill Glazer (residential/informative)
Agencies: Young & Rubicam, New York
(New York Telephone)
Grp supr, Diane Meskil
Acct supr, Mary Wyman
Media plnrs: Pat Kiss, Ed Renicker, Josh Shapiro, Gregg Trepp
(NYNEX-corporate/sales force)
Grp supr, Diane Meskil
Acct supr, Maggie Clewley
Plnrs: Joe Castro, Laurie Tartaglia, Doug Wright (salesforce)
Conill Advertising, New York
(Hispanic markets-NYNEX, New York Telephone)
Vp-acct dir, Julio J. Castellanos
Vp-acct supr, Charles F. Magee, Jr.
Exec vp-media dir, Bibiana Grau
Cabot Advertising, Boston
(New England Telephone)
Exec vp-mgmt supr, William H. Monahan
Vp-acct supr, Carolyn Chick (residential, long distance)
Vp-acct exec, Natalie Cox (informative)
Acct exec, Peter Hathaway (business)
Vp-media dir, Barbara West
Media supr, Marjorie Bluestein
HHCC, Boston
(NYNEX Business Information)
Sr vp-media dir, Felice Kincannon
Assoc media dir, Tom Butta
Chiat/Day, New York
(NYNEX Information Resources — Yellow and White Pages)
Acct execs: Ira Mathathia, Lori Schraeder
Vp-media dir, Robert Zack
Media plnrs: Mary Mirisola, Paul Greenberg

Four-year trend totals start on page 52.

120. BLUE CROSS/BLUE SHIELD insurance

Blue Cross/Blue Shield Assns.

	media dollars	
	1983	1984
Magazines	$ 2,786,000	$ 2,159,000
Natl. Sun. mags.	52,000	70,000
Newspapers	8,419,000	9,987,000
Network tv	—	3,831,000
Spot tv	15,094,000	8,107,000
Network radio	—	1,062,000
Spot radio	2,092,000	5,703,000
Outdoor	693,000	744,000
Total	**$29,136,000**	**$31,663,000**

Classification: medical insurance (LNA B-212)

Marketing/brand management:
(national)
Vp-comm, Duane Carlson
Sr consultant, Tom Mora
Dir plnr, Gere Collosky
Agency: HCM/Chicago
Sr vp, Laurel Baer
Sr vp-dir media srvcs, Frank J. Kopec

121. SEAGRAM liquors

Seagram Distillers Co.

	media dollars	
	1983	1984
Magazines	$18,708,000	$15,235,000
Natl. Sun. mags.	496,000	1,037,000
Newspapers	1,516,000	5,736,000
Network tv	—	—
Spot tv	—	1,966,000
Network radio	—	—
Spot radio	—	152,000
Outdoor	5,420,000	7,218,000
Total	**$26,140,000**	**$31,344,000**

Classification: liquor (LNA F-330); soft drinks (LNA F-220)

Marketing/brand management:
Exec vp-mktg, Tom McInerney
Vp-dir mktg res, R. W. Beller
Corp media dir, R. Duncan Maurer
(Premium Beverages)
Adv mgr, Gerry Will
Agencies: Warwick, N.Y.
Exec vp-grp mgmt supr, James Driscoll
Sr vp-mgmt supr, Mike Graham
Mgmt suprs: Peter Black (7-Crown, Crown Royal), Joe Frieo (Vodka, overseas)
Acct execs: Alan Goldberg (7-Crown), Bart Henderson (Vodka), Rick Booth (Crown Royal)
Exec vp-media and admin, John Meskil
Sr vp-media dir, Richard Rock
Grp media supr, Jerry Seuferling (Crown Royal)
Media suprs: Diane Metzler (7-Crown), Larry Loiello (Vodka), Lou Costa (Crown Royal), Peggy Murphy (overseas)
Media plnrs: Luciele Fuess (7-Crown), Kit Nugent (Vodka, overseas), Steven Soldano (Crown Royal)
Della Femina, Travisano, N.Y.
(mixers)
Grp dir, Ed Tedeschi
Mgmt supr, Bill Keeshan
Assoc media dir, Tom Furlong
Ogilvy & Mather, N.Y.
(Seagram's VO)
Sr vp-grp dir, Clifford Angels
Sr vp-mgmt supr, Michael Newbrand
Acct supr, Adam Sunderland
Sr vp-assoc media dir, Anthony Nacinovich
Vp-asst media dir, David Leveton
Mingo-Jones, N.Y.
Sr vp-dir client srvcs, Samuel Chisholm
Vp-mgmt supr, Roland Chandler
Acct supr, Marla Currie
Media dir, Ray Brown

122. JOHNSON'S products

Johnson & Johnson

	media dollars	
	1983	1984
Magazines	$ 6,265,000	$ 5,953,000
Natl. Sun mags.	359,000	—
Newspapers	1,244,000	63,000
Network tv	20,183,000	24,123,000
Spot tv	2,083,000	635,000
Network radio	—	350,000
Spot radio	—	—
Outdoor	—	33,000
Total	**$30,134,000**	**$31,157,000**

Classifications: hair products (LNA D-140); skin lotions (LNA D-216, D-111); first aid (LNA D-229); hygiene (LNA D-120)

Marketing/brand management:
Vp & gen mgr (child development products), Paul Boorujy
Vp & gen mgr (consumer products), Thomas Gardner
Dir of mktg, William Egan
Dir of prod mgmt, Carl Johnson
Agencies: SSC&B, New York
(Shampoo, No More Tangles)
Vice chmn, Spencer Plaroukos
Vp-dir media plng, Janice Clements
Vp-assoc media dir, Mae Ling
Young & Rubicam, N.Y.
(Powder, Cornstarch, Sundown, Oil, Lotion, Cream)
Sr vp-grp dir, John Glorieux
Vp-acct supr, Patrick Knisley
Acct execs: David Safran, Ralph Saenz
Vp-media grp supr, Ellen Oppenheim
Media supr, Elyse Kaplan
McCann-Erickson, New York
(Baby wash cloths, bar & bath)
Exec vp-mgmt rep, Michael Sennott
Acct supr, David Edelberg
Sr vp-media dir, Ira Carlin
Vp-plng mgr, Stan Weinstein

123. HEINZ

H. J. Heinz Co.

	media dollars	
	1983	1984
Magazines	$ 547,000	$ 1,306,000
Natl. Sun. mags.	34,000	37,000
Newspapers	939,000	610,000
Network tv	20,975,000	21,451,000
Spot tv	4,437,000	7,623,000
Network radio	—	—
Spot radio	—	16,000
Outdoor	—	—
Total	**$26,932,000**	**$31,043,000**

Classifications: condiments (LNA F-116); sauces, gravies, dips (LNA F-117)

Marketing/brand management:
Vp-mktg, Bill Johnson
Gen mgrs-mktg: John Crawshaw, Steve Scott
Adv mgr, James Gordon
Agencies: Leo Burnett, Chicago
Acct dir, Tom Ross
Exec vp-media srvcs div, Willard Hadlock
Media dir, Chuck Quarnstrom
Ketchum Advertising/Pittsburgh
(corporate, vinegar)
Sr vp-dir client srvcs, John McBride
Acct suprs: Steve Stepanek, Rose Lied, Tom Gentile
Sr vp-media dir, Judy Hofscher
Vp-assoc media dir, Bob Nichol, Mike Walsh
Media supr, Lorraine Morgan

For alphabetical index, turn to page 48.

124. RED LOBSTER restaurants
General Mills

	media dollars 1983	media dollars 1984
Magazines	$ 7,000	$ 154,000
Natl. Sun. mags.	—	6,000
Newspapers	(no data)	(no data)
Network tv	7,674,000	13,592,000
Spot tv	21,087,000	16,155,000
Network radio	322,000	46,000
Spot radio	3,674,000	809,000
Outdoor	134,000	219,000
Total	**$32,898,000**	**$30,981,000**

Classification: restaurants (LNA G-330)
Marketing/brand management:
Vp-mktg, Ray Caruso
Adv dir, Barbara Wells
Natl adv mgr, Rick Weber
Natl field mktg mgr, Jeff Whitney
Agency: Backer & Spielvogel, N.Y.
Sr vp-grp mgmt rep, Randy Lindel
Vp-mgmt supr, Robert Levite
Vp-mgmt supr, Randy Windschitl
Acct supr, Larry Saunders
Acct execs: Bob Svete, Tori Glendenning, Tobi Hockman
Exec vp-dir media srvcs, Stephen Leff
Sr vp-media dir, Jay Schoenfeld
Vp-assoc media dir, Charles Rutman
Media supr, Lori Krochak

125. SPRITE soft drink
Coca-Cola

	media dollars 1983	media dollars 1984
Magazines	$ 1,604,000	$ 503,000
Natl. Sun. mags.	—	—
Newspapers	164,000	427,000
Network tv	16,388,000	18,843,000
Spot tv	7,791,000	10,033,000
Network radio	—	—
Spot radio	731,000	1,149,000
Outdoor	75,000	20,000
Total	**$26,753,000**	**$30,975,000**

Classification: soft drinks (LNA F-220)
Marketing/brand management:
Sr vp-mktg, Sergio Zyman
Mktg dir, Patrick Gardner
Brand mgr, Diane Hanak
Corp media dir-worldwide, William H. Lynn
Corp media mgr, Terri Buckland
Agency: Marschalk, New York
Sr vp-media dir, Stephen M. Segal
Vp-assoc media dir, Christina Brodie
Media plnrs: Jennifer Miller, Scott McNulty
Media supr, Elyse Eventoff
Exec vp, Eric Einhorn
Mgmt supr, Dana Tower
Acct exec, Susan Gold
Asst acct exec, William Symon
Vp-acct supr, Rob Petersen

126. L'EGGS
Hanes Corp.
(Sara Lee Corp.)

	media dollars 1983	media dollars 1984
Magazines	$ 2,636,000	$ 3,280,000
Natl. Sun. mags.	52,000	—
Newspapers	119,000	334,000
Network tv	19,677,000	22,806,000
Spot tv	1,372,000	2,214,000
Network radio	1,848,000	1,774,000
Spot radio	485,000	531,000
Outdoor	—	—
Total	**$26,189,000**	**$30,939,000**

Classification: hoisery (LNA A-160)
Marketing/brand management:
Vp-mktg, John Piazza
Grp brand dirs: Paul F. Wold, Randy J. Fluharty
Dir of new prods, Ted Cooper
Agencies: DFS, New York
Sr vp-mgmt dir, Michael Donahue
Exec vp-dir mktg srvcs, Allen Banks
Sr vp-sr assoc media dir, Ira Weinblatt
Vp-assoc media dir, Walter Tietz
Burrell, Chicago
(Black markets)
Mgmt supr, Eugene Morriss
Acct supr, Fay Ferguson
Media dir, Nick Howse
Sr media plnr, Zeline Kelly

127. VIRGINIA SLIMS cigarettes
Philip Morris

	media dollars 1983	media dollars 1984
Magazines	$21,029,000	$18,245,000
Natl. Sun. mags.	2,141,000	1,953,000
Newspapers	4,241,000	4,127,000
Network tv	—	—
Spot tv	49,000	128,000
Network radio	—	—
Spot radio	—	—
Outdoor	4,487,000	6,160,000
Total	**$31,947,000**	**$30,613,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-brand prom, Robert Fitzmaurice
Grp dir, Ellen Merlo
Brand mgr, Catherine Leiber
Vp-media, James L. Thompson, Jr.
Agency: Leo Burnett, Chicago

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Sr vp-client srvc dir, Jim Oates
Acct supr, Paul Driggs
Exec vp-media srvcs dir, Willard Hadlock
Vp-media dir, Bob Houghtlin

128. ALLSTATE insurance
Sears, Roebuck and Co.

	media dollars 1983	1984
Magazines	$ 2,943,000	$ 4,044,000
Natl. Sun. mags.	48,000	11,000
Newspapers	201,000	394,000
Network tv	16,276,000	19,483,000
Spot tv	6,451,000	5,648,000
Network radio	—	—
Spot radio	31,000	800,000
Outdoor	—	—
Total	**$25,950,000**	**$30,380,000**

Classification: fire, casualty, life and other insurance (B-220)
Marketing/brand management:
Asst vp-corp mktg support, John J. Flieder
Adv dir, Terre A. Tuzzolino
Agency: Leo Burnett, Chicago
Acct dir, Ron Sims
Exec vp-media srvcs div, Willard Hadlock
Media dir, Don Amos

129. AMERICAN cars
American Motors

	media dollars 1983	1984
Magazines	$ 2,088,000	$ 2,366,000
Natl. Sun. mags.	—	—
Newspapers	4,955,000	5,102,000
Network tv	6,337,000	10,318,000
Spot tv	4,446,000	11,231,000
Network radio	—	—
Spot radio	121,000	1,206,000
Outdoor	486,000	44,000
Total	**$18,433,000**	**$30,267,000**

Classification: cars (LNA T-110)
Marketing/brand management:
Vp-mktg grp, Joseph E. Cappy
Dir mktg srvc/mdsg, Robert F. Donovan
Dir-adv & mktg plng, David L. Kerr
Mgr dealer adv, James D. Rader
Mgr media/budgets, Robert G. Wildberter
Agencies: Grey, New York
Exec vp-acct mgmt, Louis G. Maloof
Sr vp-gen mgr, Bruce McRitchie
Exec vp-dir media & prog, Alec Gerster

130. PACIFIC TELESIS

	media dollars 1983	1984
Magazines	$2,003,000	$ 4,144,000
Natl. Sun. mags.	—	61,000
Newspapers	3,577,000	5,142,000
Network tv	—	—
Spot tv	—	17,495,000
Network radio	—	—
Spot radio	1,644,000	3,375,000
Outdoor	—	4,000
Total	**$7,224,000**	**$30,220,000**

Classification: communications (LNA B-145)
Marketing/brand management:
(Pacific Telesis)
Vp-mktg, M. J. Perry
(Pacific Bell)
Vp-mktg, J. Lockton
(Pac Tel Communications)
Grp mgr, mktg comm, Terry Collins
Agencies: FCB/San Francisco
(Pacific Bell, Pacific Telesis)
Grjp mgmt suprs: Bob Imel, Bill Kelley
Acct suprs: Anne Paustian, Veronica Kludjian
Media supr, Lisa Valerio
Media plnr, Valeie Vento
Ketchum Advertising, S.F.
(Pac Tel Communications)
Acct supr, Lynn Upshaw
Acct exec, Paula Howarth
Assoc media dir, David Davidson
Media supr, Julie Rosaia
Bermudez & Associates, L.A.
(Pacific Bell-Spanish markets)
Vp-acct srvcs, Marguerite Cueto
Media dir, Debra Nason

131. TV GUIDE
Triangle

	media dollars 1983	1984
Magazines	$ 159,000	$ 92,000
Natl. Sun. mags.	—	—
Newspapers	4,362,000	1,672,000
Network tv	—	30,000
Spot tv	21,424,000	21,614,000
Network radio	2,577,000	5,228,000
Spot radio	2,728,000	1,447,000
Outdoor	—	—
Total	**$31,250,000**	**$30,083,000**

Classification: magazines (LNA B-420)
Marketing/brand management:
Pub, Eric Larson
Adv dir, Tom McDonough
Prom dir, Fred Jervis
Adv prom, Barry Pennell
Con prom, Jay Werner
Agency: N W Ayer, N.Y.
Exec vp, exec acct dir, Thomas G. Maxey
Vp-mgmt supr, George Malcomson
Sr vp-grp media dir, David Lehmkuhl
Vp-assoc media dir, Sue Kaufman
Media supr, Steve Brown

132. CENTURY cigarettes
R.J. Reynolds

	media dollars 1983	1984
Magazines	$ 4,848,000	$ 4,977,000
Natl. Sun. mags.	3,449,000	5,758,000
Newspapers	14,472,000	16,341,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	4,890,000	2,822,000
Total	**$27,659,000**	**$29,898,000**

Classification: tobacco (LNA G-110)
Marketing/brand management:
Vp-mktg, Marty Orlowsky
Vp-brand mgmt, H. J. Lees
Mktg dir, R. M. Sanders
Dir mktg srvcs, G. T. Baroody
Brand mgr, D. S. Johnson
Dir media, Dan Pearson
Mgr media admin, R. E. Neal
Agency: Tatham Laird & Kudner, Chicago
(Creative)
Mgng prtnr, Bill Youngclaus
Sr ptnr, acct mgmt, Bob Hielscher
Mgmt supr, Jim Hill

133. POLAROID products
Polaroid Corp.

	media dollars 1983	1984
Magazines	$ 4,638,000	$ 6,746,000
Natl. Sun. mags.	24,000	28,000
Newspapers	1,923,000	1,253,000
Network tv	25,856,000	17,337,000
Spot tv	999,000	2,980,000
Network radio	—	—
Spot radio	386,000	1,303,000
Outdoor	—	—
Total	**$33,826,000**	**$29,647,000**

Classifications: cameras (LNA G-230); office machines (LNA B-320); video equipment (LNA H-311)
Marketing/brand management:

Vp-worldwide adv, Carl Johnson
Grp vp-mktg, Joseph J. McLaughlin
Dir ind & tech adv, Adrian Van Dorpe
Adv mgrs: Diane Coron, Sharon Rice, Grant Schneider

Agencies: DDB, New York
(industrial, international)
Exec vp-media & prog, Michael Drexler
Vp-media plng dir, Steve Caputo
Assoc media dir, Kathy Kersnowski (business/professional)
Grp sr vp, Jim McConnell (business, professional, international)

Ogilvy & Mather, N.Y.
(super color video cassettes)
Sr vp-mgmt supr, Michael Vaughn
Sr vp-assoc media dir, Jack Deitchman
Asst media dir, Susan Musman

Ally & Gargana, N.Y.
(consumer products and film)
Vp-acct supr, Dave Sagarin (film)
Acct exec, Leslie Gaber (film)
Acct supr, Joshua Pollack (7000)
Sr vp-media dir, Larry Dexheimer
Vp-media grp head, Gene Willhoft

Conill Advertising, N.Y.
(Hispanic markets)
Vp-acct dir, Julio J. Castellanos
Vp-acct supr, Charles F. Magee, Jr.
Exec vp-media dir, Bibiana Grau

134. BELL SOUTH

	media dollars 1983	1984
Magazines	$ 2,326,000	$ 4,070,000
Natl. Sun. mags.	—	—
Newspapers	4,635,000	7,260,000
Network tv	—	—
Spot tv	—	12,699,000
Network radio	—	—
Spot radio	3,470,000	5,507,000
Outdoor	73,000	53,000
Total	**$10,503,000**	**$29,589,000**

Classification: communications (LNA B-145)

Marketing/brand management:
(Bell South)
Adv dir, Marly Brandt
Dir corp info, J. R. Gray
Pres, BSAP, Larry A. Taylor
(Southern Bell)
Dist mgr adv, Taylor Lynn
(South Central Bell)
Oper mgrs adv: Judy Eberhart (residence), Frank Wiedner (business)

Trend comments on page 50.

Agencies: Burton-Campbell, Atlanta
(Bell South corporate)
Acct exec, Ed Dreistadt
Media dir, Chris Miller
Media buyer, Betsy Bing
Media supr, John Joyce

Luckie & Forney, Birmingham
(Bell South Central, Bell South Advanced Systems/Yellow Pages)
Vp-acct supr, Mike Murphy
Vp-media dir, Anne Clisby

Tucker Wayne, Atlanta
(Southern Bell, Bell South)
Acct execs: Rick McReynolds, Ed Hinckley
Vp-media dir, William Zuspan
Media plnr, Sally Schild

135. MAXWELL HOUSE coffee
General Foods

	media dollars 1983	1984
Magazines	$ 4,248,000	$ 880,000
Natl. Sun. mags.	81,000	—
Newspapers	681,000	112,000
Network tv	18,650,000	23,060,000
Spot tv	6,650,000	5,095,000
Network radio	139,000	37,000
Spot radio	899,000	129,000
Outdoor	64,000	1,000
Total	**$31,412,000**	**$29,314,000**

Classification: beverages (LNA F-170)

Marketing/brand management:
Vp-gen mgr, Steve Morris
Mktg mgr, Joel Johnson
Cat mgrs: Steve Bryan (segmented), Roger Deromedi (modified), Rex Morgan

The media group includes:
Dir, media srvcs, David K. Braun
Assoc dir, media srvcs, D. J. Miceli
Mgr, local media, Gary Gruneberg
Asst mgr, local media, L. F. Meyer
Mgr, plng/buying, Brenda Jansen (network)
Asst mgrs, plng/buying: Kathy Olvany-Riordan (print), Jonathan Sims (research)
Media asst, Bobby Asano

Agency: Ogilvy & Mather, N.Y.
Sr vp-grp dir, Peter Barnet
Sr vp-mgmt supr, Dave Warden
Vp-acct suprs: Rick Roth, Mark Greene
Acct execs: Steve Kenety, Chris Marriott
Sr vp-assoc media dir, Tony Nacinovich
Vp-asst media dir, Barbara Kupersmith

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136. **TAB soft drink**
Coca-Cola Co.

	media dollars	
	1983	1984
Magazines	$ 162,000	$ 2,201,000
Natl. Sun. mags.	—	—
Newspapers	60,000	448,000
Network tv	13,606,000	17,230,000
Spot tv	10,123,000	8,916,000
Network radio	—	—
Spot radio	186,000	284,000
Outdoor	15,000	124,000
Total	**$24,152,000**	**$29,203,000**

Classification: soft drinks (LNA F-220)

Marketing/brand management:

Sr-vp mktg, Sergio Zyman

Mktg dir, Mike Beindorf

Brand mgr, Becky Rodzik

Corp media dir-worldwide, William H. Lynn

Corp media mgr, Terri Buckland

Agencies: SSC&B, New York

Vice chmn, Spencer Plavoukos

Vp-mgmt supr, Don Lenehan

Vp-dir media plng, Janice Clements

Vp-assoc media dir, Alan Jurmain

Castor Spanish Intl, N.Y.

(Spanish markets — corporate/product)

Pres, Castor Fernandez

Vp-gen mgr, Jorge Reynardus

Media dir, Carlos Delgado

Media asst, Gustavo Gatell

Media buyer, Nieves Diaz

137. **GILLETTE toiletries**
Gillette

	media dollars	
	1983	1984
Magazines	$ 2,496,000	$ 1,797,000
Natl. Sun. mags.	555,000	880,000
Newspapers	1,145,000	1,205,000
Network tv	29,332,000	22,052,000
Spot tv	1,351,000	885,000
Network radio	1,892,000	1,425,000
Spot radio	822,000	936,000
Outdoor	—	—
Total	**$37,593,000**	**$29,180,000**

Classifications: men's/ladies' shaving (LNA D-125); deodorants (LNA D-126); hair dryers (LNA D-150)

Marketing/brand management:

Vps-mktg: Derek Coward (safety razor), Robert Forman (personal care)

Vp-adv srvcs, Brian McFarland

Dir media srvcs, Allen Gibbs

Dir ntwk buying, Howard Fisher

Dir of media buying, Thomas Lux

Agencies: BBDO, New York

(corporate, Soft & Dri, The Dry Look, Dry Idea, Good News, Swivel, Atra, Trac II, new products)

Exec vp-sr mgmt rep, John W. Thorne

Vp-mgmt suprs: Michael Paxton, Anthony R. Brescia

Exec vp-dir media srvcs, Arnie Semsky

Sr vp-dir of media plng srvcs, Mike Drake

Sr vp-dir ntwk prog, Alfred R. Sanno

Vp-assoc dir, ntwk prog, Virginia Shields

(Safety razor div.)

Vp-assoc media dir, Mike Hedge

Media supr, Nora Gallick

(Personal care div.)

Vp-assoc media dir, Les Margulis

Media supr, Jayne Minardi

Young & Rubicam, N.Y.

(Right Guard)

Sr vp-grp dir, Ed Lebar

Vp-acct supr, Michael Feldman

Acct supr, Carla Gambescia

Acct exec, Lisa Cappucci

Sr vp-media grp supr, Diane Meskill

Media supr, Mary Wyman

McCann-Erickson, New York

(all spot-tv buying)

Marschalk, N.Y.

(Foamy Gel, Brush-Plus, Daisy)

Exec vp-mgmt srvc dir, Barry Linsky

Vp-mgmt supr, Lil Panettiere

(Personal care div.)

Acct suprs: Bob Stein (Brush-Plus, Foamy Gel), Stan Karp (Daisy)

Sr vp-media dir, Stephen M. Segal

Assoc media dir, Perianne J. Berezney

Media supr, Robert Meeker

138. **HEINEKEN beer**
Van Munching & Co. Inc.

	media dollars	
	1983	1984
Magazines	$ 4,708,000	$ 4,861,000
Natl. Sun. mags.	—	145,000
Newspapers	15,000	150,000
Network tv	2,895,000	3,004,000
Spot tv	5,532,000	7,143,000
Network radio	1,645,000	548,000
Spot radio	7,659,000	12,983,000
Outdoor	—	—
Total	**$22,454,000**	**$26,834,000**

Classification: beer (LNA F-310)

Marketing/brand management:

Natl adv dir, Alvin A. Nilson

Agency: SSC&B, New York

Exec vp-acct srvcs, John Grogan

Sr vp-mgmt supr, Rick Evans

Vp-assoc media dir, Alan Jurmain

Vp-asst media dir, Christopher Gagen

139. **STOUFFER'S foods**
Nestle Enterprises

	media dollars	
	1983	1984
Magazines	$ 5,601,000	$ 5,727,000
Natl. Sun. mags.	39,000	233,000
Newspapers	93,000	226,000
Network tv	12,048,000	13,892,000
Spot tv	6,915,000	8,622,000
Network radio	—	—
Spot radio	2,000	—
Outdoor	97,000	76,000
Total	**$24,795,000**	**$28,776,000**

Classifications: prepared foods (LNA F-162, F-126, F-190, F-125)

Marketing/brand management:

Vp-mktg, Gerald DeCroce

Mktg mgrs: Richard Annett (Lean Cuisine), Jeff Peck (entrees/side dishes), Paul De Vries (new ventures), Joseph Gaeto (pizza)

Agency: Creamer, Pittsburgh

Vp and grp supr, Richard Weber

Media dir, Ira Bass

140. **NOW cigarettes**
R. J. Reynolds

	media dollars	
	1983	1984
Magazines	$16,891,000	$17,954,000
Natl. Sun. mags.	809,000	2,990,000
Newspapers	8,415,000	7,503,000
Network tv	—	—
Spot tv	—	—
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$26,115,000**	**$28,447,000**

Classification: tobacco (LNA G-110)

Marketing/brand management:

Vp-mktg, Marty Orlowsky

Vp-brand mgmt, H. J. Lees

Grp mktg dir, J. T. Winebrenner

Brand mgr, K. V. McCaffrey

Dir mktg srvcs, G. T. Barody

Dir media, Dan Pearson

Grp mgr media admin, R. E. Neal

Agency: Leber Katz & Partners, N.Y.

(Creative)

Exec vp-dir client srvcs, Robert Hersch

Vp-acct grp supr, Janice Lee

Acct exec, Neil Ralph

Trend comments on page 50.

141. VOLVO
Volvo of America

	media dollars 1983	media dollars 1984
Magazines	$ 7,535,000	$ 8,543,000
Natl. Sun. mags.	47,000	385,000
Newspapers	3,767,000	5,599,000
Network tv	225,000	332,000
Spot tv	6,560,000	10,209,000
Network radio	—	—
Spot radio	1,704,000	2,881,000
Outdoor	91,000	184,000
Total	**$19,929,000**	**$28,133,000**

Classification: cars (LNA T-112); trucks (LNA T-121)
Marketing/brand management:
Vp-mktg, William Hoover
Mgr mktg srvcs, Milton C. Gravatt
Agency: Scali, McCabe, Sloves, N.Y.
Sr vp-mgmt dir, Jerry Sherman
Vp-assoc media dir, Thomas Socone

142. CRISCO shortening
Procter & Gamble

	media dollars 1983	media dollars 1984
Magazines	$ 5,970,000	$ 4,385,000
Natl. Sun. mags.	—	—
Newspapers	31,000	—
Network tv	18,680,000	17,461,000
Spot tv	8,738,000	6,183,000
Network radio	—	—
Spot radio	73,000	—
Outdoor	—	—
Total	**$33,492,000**	**$28,029,000**

Classification: cooking products (LNA F-110)
Marketing/brand management:
Div mgr, L. D. Milligan
Adv mgr, J. T. Smith
The media group includes:
Dir ntwk rel, Russ Condit
Media dir, J. W. Van Cleave
Asst media dir, Gordon Young
Media mgrs: E. R. Plowden, Lynne C. Veil, James R. Maxwell, Marian Grant
Media suprs: James P. Connell, S. F. Bentzinger, John Taylor, Susan Porter, Stuart Kunkler
Ntwk coor, Dinah J. Noble
Ntwk scheduler, Kathy Amann
Media asst, Judy Markel
Agency: Saatchi & Saatchi Compton, New York
Mgmt supr, Hayes Roth
Acct suprs: Richard Newman (solid), Randi Greenwald (oil)
Acct mgrs: Tom Danowski (solid), Jeffrey Bodenmann (oil)
Assoc media dir, Barbara Towey
Media plnr, Regina Lithen

143. COLGATE products
Colgate-Palmolive

	media dollars 1983*	media dollars 1984
Magazines	$ 5,346,000	$ 1,539,000
Natl. Sun. mags.	657,000	87,000
Newspapers	650,000	183,000
Network tv	21,697,000	19,683,000
Spot tv	5,292,000	6,356,000
Network radio	—	—
Spot radio	1,705,000	154,000
Outdoor	—	—
Total	**$35,347,000**	**$28,002,000**

* revised

Classification: personal hygiene (LNA D-120)
Marketing/brand management:
Vp-gen mgr, A. C. Shepard
Dir of mktg, R. E. Blanchard
Oral prods mgr, K. A. Thornhill
Grp prod mgr, J. Fischer
Media plnrs: George Hull, Steven I. Freilich
Agency: Ted Bates, N.Y.
Exec vp-client srvcs, Roger Pisani
Sr vp-mgmt rep, Geoff Clarkson
Exec vp-media dir, Walter Reichel
Vp-media dir, John Potenzano
Media supr, Ann Louise Moran
Assoc media dir, Susan Johnson

144. DURACELL batteries
Dart & Kraft

	media dollars 1983*	media dollars 1984
Magazines	$ 1,071,000	$ 3,379,000
Natl. Sun. mags.	—	—
Newspapers	35,000	43,000
Network tv	19,508,000	21,305,000
Spot tv	1,995,000	3,000,000
Network radio	374,000	—
Spot radio	236,000	99,000
Outdoor	—	—
Total	**$23,219,000**	**$27,826,000**

* revised

Classification: household batteries (LNA H-220)
Marketing/brand management:
Vp-mktg, W. F. Saint
Prod grp mgr, Kevin Kelly
Mgr-new battery prods, Mark Lucas
Agency: Ogilvy & Mather, N.Y.
Sr vp-grp dir, Jack Reed
Vp-mgmt supr, Philippe Defechereux
Vp-acct supr, Rick Estabrook

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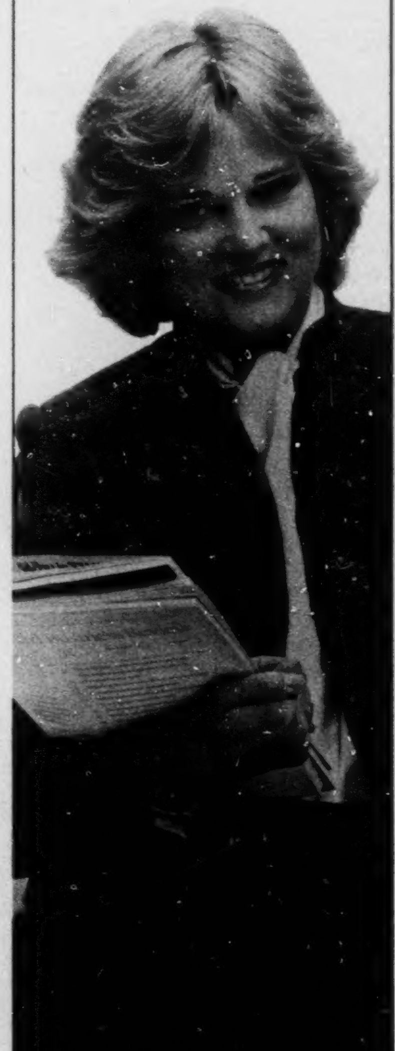

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Sr vp-dir media srvcs, Larry Cole
Sr vp-assoc media dir, Tony Nacinovich
Vp-asst media dir, Alysia Dworin

145. AMERITECH

	media dollars	
	1983	1984
Magazines	$ 1,875,000	$ 3,380,000
Natl. Sun. mags.	—	—
Newspapers	8,067,000	11,110,000
Network tv	—	—
Spot tv	—	11,350,000
Network radio	—	—
Spot radio	1,269,000	1,364,000
Outdoor	14,000	518,000
Total	**$11,225.000**	**$27,722,000**

Classification: communications (LNA B-145)
Marketing/brand management:
(Ameritech)
Vp-corp comm, Leighton Gilman
Adv mgr, Sara Foley
(Illinois Bell)
Vp-mktg, Roger Plummer
Dir adv, Robert E. Campbell
(Indiana Bell)
Dist mgr-adv, Jim Erwin
(Michigan Bell)
Div mgr-adv, Dennis A. White
Dist mgr-adv, Diane De Podesta
(Ohio Bell)
Div mgr-adv, David H. Parker
Dist mgr-adv, Richard Jansik
(Wisconsin Bell)
Dist mgr-adv, Carla Butenhof
Agencies: JWT, Chicago
(Ameritech)
Vp-acct supr, Janice Kidwell
Vp-grp media dir, Honora Dee
N W Ayer, Chicago
(Illinois Bell)
Sr vp-exec acct dir, Peter Elder
Sr vp-dir media srvcs, Dick Matullo
Handley & Miller, Indianapolis
(Indiana Bell)
Exec vp-acct supr, Mary Bergerson
Acct exec, Jim Bitti
Vp-media dir, Linda Allee
Ross Roy, Detroit
(Michigan Bell)
Sr vp-grp acct supr, Richard L. Simmons
Acct supr, George Petroff
Assoc media dir, Jack Laclave
Media plnr, Linda Russo
Marschalk, Cleveland
(Ohio Bell)
Sr vp-mgmt srvc dir, John Willse
Vp-media dir, Bruce Ayer
Media plnr, Hank Posley
Cramer-Krasselt, Milwaukee
(Wisconsin Bell)
Acct supr, B. Faude
Media dirs: Don Clow (print), Don Pom (broadcast)
Kobs & Brady, Chicago
(Ameritech Mobile)
Sr acct supr, Tim Trott
Vp-media dir, Sandy Toback
OMAR Advertising, Chicago
(Illinois Bell — Hispanic markets)
Acct supr, Marta Gerdes
Media dir, Maggie Aguilar

146. MASTERCARD
MasterCard Intl.

	media dollars	
	1983	1984
Magazines	$ 2,017,000	$ 3,548,000
Natl. Sun. mags.	75,000	113,000
Newspapers	—	—
Network tv	13,923,000	18,948,000
Spot tv	2,918,000	4,962,000
Network radio	—	—
Spot radio	—	2.000
Outdoor	-2,000	—
Total	**$18,935,000**	**$27,573,000**

Classification: credit card (LNA B-155)
Marketing/brand management:
Sr vp-adv, Alan Schultheis
Vp-adv, Barbara Bromberg
Agency: William Esty, N.Y.
Sr vp-grp supr, James Stewart
Sr vp-grp media dir, Philip Schwertz

147. KOOL-AID soft drink
General Foods

	media dollars	
	1983	1984
Magazines	$ 2,332,000	$ 1,978,000
Natl. Sun. mags.	—	—
Newspapers	—	17,000
Network tv	18,117,000	18,679,000
Spot tv	5,894,000	6,678,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$26,343,000**	**$27,352,000**

Classification: drink mix (LNA F-172)
Marketing/brand management:
Vp-gen mgr, Bob Sansone
Mktg mgr, Greg Murphy
The media group includes:
Dir, media srvcs, David K. Braun
Assoc dir, media srvcs, D J. Miceli
Mgr, local media, Gary Gruneberg
Asst mgr, local media, L. F. Meyer
Mgr, plng/buying, Brenda Jansen (network)
Asst mgrs, plng/buying: Kathy Olvany-Riordan (print), Jonathan Sims (research)
Media asst, Bobby Asano
Agency: Grey, New York
Exec vp-acct mgmt, Hunter Yager
Exec vp-dir media & prog, Alec Gerster
Vp-assoc media dir, Nancy Utley

148. FRANKLIN MINT
Warner Communications

	media dollars	
	1983	1984
Magazines	$17,090,000	$12,530,000
Natl. Sun. mags.	6,479,000	5,088,000
Newspapers	8,340,000	6,654,000
Network tv	12,000	6,000
Spot tv	910,000	2,916,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$32,831,000**	**$27,194,000**

Classifications: mail order jewelry, collectibles, and art (LNA G-612); records (LNA G-615)
Marketing/brand management:
Vp-U.S. mktg, M. Breisblatt
Mktg dev, Douglas Briggs
Agency: Franklin Advertising
(House agency)
Vp-media, Howard R. Batton
Media dir, Alan Beer

149. MITSUBISHI products
Mitsubishi Corp.

	media dollars	
	1983	1984
Magazines	$ 6,357,000	$ 5,873,000
Natl. Sun. mags.	171,000	—
Newspapers	2,663,000	3,180,000
Network tv	—	2,554,000
Spot tv	11,842,000	14,621,000
Network radio	—	—
Spot radio	239,000	280,000
Outdoor	122,000	21,000
Total	**$21,394,000**	**$26,529,000**

Classification: cars (LNA T-110); trucks (LNA T-120); televisions (LNA H-310)
Marketing/brand management:
(automobiles)
Adv mgr, Lew Sanza
(electronics)
Exec vp-audio/visual, Steve Saake
Natl adv mgr, Satima Schogel
Mktg gen mgr, Charlene Cirimele

Agencies: Cunningham & Walsh, L.A.
(automobiles)
Vp-media dir, Francis J. Martin
Acct supr, Jim Brady
Stiller Advertising, Costa Mesa, CA
(cellular telephone, car stereo)
Pres, Michael Stiller
Sr vp, Nancy Martin
Chiat/Day, Los Angeles
Acct supr, George Hartley
Vp-media supr, Hank Antosz
Assoc media dir, Mike Yamada
Media supr, Nick West

150. ALKA-SELTZER

Miles Labs (A. G. Bayer)

	media dollars	
	1983	1984
Magazines	$ 123,000	$ 151,000
Natl. Sun. mags.	—	—
Newspapers	—	82,000
Network tv	15,913,000	22,925,000
Spot tv	3,281,000	3,255,000
Network radio	1,854,000	—
Spot radio	64,000	87,000
Outdoor	—	—
Total	**$21,235,000**	**$26,500,000**

Classification: medicines (LNA D-210)
Marketing/brand management:
Vp-mktg-U.S., Stephen M. Reim
Vp-adv mgr (consumer health care prods), Mitchell Streicker
Agencies: McCann-Erickson, N.Y.
Exec vp-mgmt rep, Michael Sennott
Vp-acct dir, Mel Philpott
Sr vp-media dir, Ira Carlin
Vp-plng mgr, Vince Tortorelli
Wells, Rich, Greene, N.Y.
(Alka-Seltzer Plus/new products)
Exec vp-acct grp head, James Weinstein
Sr vp-media dir, Robert Geis
Vp-plng srvc dir, Mike Haggerty
Vp-media grp head, Joan Shelt
Assoc media grp head, Doug Spak
Conill Advertising, N.Y.
(Hispanic markets)
Vp-acct dir, Julio J. Castellanos
Vp-acct supr, Charles F. Magee, Jr.
Exec vp-media dir, Bibiana Grau

Four-year trend totals start on page 52.

151. HARDEE'S restaurants

Imasco Ltd.

	media dollars	
	1983	1984
Magazines	$ 12,000	$ 14,000
Natl. Sun. mags.	—	—
Newspapers	(no data)	(no data)
Network tv	—	6,991,000
Spot tv	17,583,000	18,493,000
Network radio	—	—
Spot radio	—	—
Outdoor	574,000	1,000,000
Total	**$18,169,000**	**$26,498,000**

Classification: restaurants (LNA G-330)
Marketing/brand management:
Dir of natl mktg, Tony Monzo
Agency: Ogilvy & Mather, N.Y.
Vp-mgmt supr, Tom Schroede
Media dir, Ray Simko

152. PAMPERS diapers

Procter & Gamble

	media dollars	
	1983	1984
Magazines	$ 2,012,000	$ 732,000
Natl. Sun. mags.	—	—
Newspapers	400,000	—
Network tv	16,410,000	12,809,000
Spot tv	5,196,000	12,930,000
Network radio	—	—
Spot radio	5,000	—
Outdoor	—	—
Total	**$24,023,000**	**$26,471,000**

Classification: underclothing (LNA A-120)
Marketing/brand management:
Div mgr, R. R. Nicolosi
Adv mgr, W. J. Wallace
The media group includes:
Dir ntwk rel, Russ Condit
Media dir: J. W. Van Cleave
Asst media dir, Gordon Young
Media mgrs: E. R. Plowden, Lynne C. Veil, James R. Maxwell, Marian Grant
Media suprs: James P. Connell, S. F. Bentzinger, John Taylor, Susan Porter, Stuart Kunkler
Ntwk coor, Dinah J. Noble
Ntwk scheduler, Kathy Amann
Media asst, Judy Markel
Agency: Benton & Bowles, N.Y.
Sr vp-dir acct mgmt, Tom Carey
Sr vp-acct dir, Bill Munro
Sr vp-mgmt supr, Jim Hutchinson
Vp-acct supr, Bill Vitriol
Sr vp-dir media mgmt, Phil Guarascio
Sr vp-mgr media plng/oper, Rich Hamilton
Vp-assoc media dir, Jeri Dack

153. EVEREADY batteries

Union Carbide Corp.

	media dollars	
	1983	1984
Magazines	$ 125,000	$ 186,000
Natl. Sun. mags.	773,000	1,285,000
Newspapers	944,000	1,532,000
Network tv	20,211,000	20,551,000
Spot tv	1,283,000	181,000
Network radio	—	—
Spot radio	314,000	2,640,000
Outdoor	—	—
Total	**$23,650,000**	**$26,375,000**

Classification: household batteries (LNA H-220)
Marketing/brand management:
Mktg mgr, G. D. Klein
Adv mgr, Douglas Orr
Agency: William Esty, N.Y.
Sr vp-mgmt supr, Harold J. Greer
Vp-sr acct supr, Dennis Jordan
Vp-acct supr, Whitney Beebe
Sr acct exec, Michael Nelson
Acct execs: William Gibbons, Christian Frentzel
Sr vp-media dir, Peter Triolo
Assoc media dir, Patricia Reilly
Media supr, Karen Bensen

154. AMERICAN DAIRY ASSN.

	media dollars	
	1983	1984
Magazines	$ 168,000	$ 308,000
Natl. Sun. mags.	134,000	—
Newspapers	618,000	914,000
Network tv	4,532,000	13,792,000
Spot tv	11,007,000	7,360,000
Network radio	1,715,000	572,000
Spot radio	3,757,000	3,104,000
Outdoor	180,000	213,000
Total	**$22,111,000**	**$26,263,000**

Classification: dairy products (LNA F-130)
Marketing/brand management:
Sr vp-mktg, Joseph B. Kelsch
Vp-dir of pub, Jane A. Holmes
Vp-mktg srvcs, Grover B. Simpson
Vp-mktg plng, Stephen A. Dohrmann
Dir adv srvcs, Donna A. Arcus
Agency: D'Arcy MacManus Masius, Chicago
Sr vp-mgmt supr, Benjamin Bishop

Acct grp suprs: Bob Meuser, Dave Urbaniak
Sr vp-dir media srvcs, J. P. Zeller
Vp-assoc media dir, W. L. Hemsworth
Media supr, Jenifer Zeh
Media plnrs: Susan Stober, Loni Stransky, J. Zeh

155. LA beer

Anheuser-Busch

	media dollars	
	1983	1984
Magazines	—	$ 742,000
Natl. Sun. mags.	—	—
Newspapers	—	1,618,000
Network tv	—	19,218,000
Spot tv	—	783,000
Network radio	—	2,036,000
Spot radio	—	558,000
Outdoor	—	872,000
Total	**—**	**$25,827,000**

Classification: beer (LNA F-310)
Marketing/brand management:
Exec vp-mktg, Michael J. Roarty
Prod mgr, Mark Lamping
Vp-corp media, Charles B. Fruit
Dir media srvcs, Tony Ponturo
Agency: D'Arcy MacManus Masius, St. Louis
Exec vp-mgmt rep, Jack Bruemmer
Vp-acct grp supr, Jim Palumbo
Acct exec, Bill Morgan
Sr vp-grp media dir, Steve Phelps
Assoc media dir, Glen DeWees

156. JEEP

American Motors

	media dollars	
	1983	1984
Magazines	$ 5,936,000	$ 9,379,000
Natl. Sun. mags.	47,000	—
Newspapers	605,000	738,000
Network tv	15,118,000	13,270,000
Spot tv	1,258,000	1,927,000
Network radio	—	—
Spot radio	—	—
Outdoor	178,000	345,000
Total	**$23,142,000**	**$25,659,000**

Classification: cars, trucks, and other vehicles (LNA T-110)
Marketing/brand management:
Vp-mktg grp, Joseph E. Cappy
Dir mktg srvc/mdsg, Robert F. Donovan
Dir-adv & mktg plng, David L. Kerr
Mgr adv, Thomas L. Draur
Mgr dealer adv, James D. Rader
Mgr media/budgets, Robert G. Wildberter
Agency: Saatchi & Saatchi Compton, Detroit
Sr vp-mgmt dir, David Van Peursem
Vp-media dir, Mike Vogel
Vp-dir bdcst media, Mike Wang
Assoc media dir, Rich Faschke

157. SONY electronics

Sony Corp.

	media dollars	
	1983	1984
Magazines	$ 9,497,000	$ 5,235,000
Natl. Sun. mags.	103,000	254,000
Newspapers	11,615,000	4,886,000
Network tv	8,088,000	7,316,000
Spot tv	9,776,000	7,457,000
Network radio	—	—
Spot radio	291,000	486,000
Outdoor	13,000	16,000
Total	**$39,383,00**	**$25,650,000**

Classification: home electronics (LNA H-310, 320)
Marketing/brand management:
Dir adv, Jeffrey Brooks
Adv mgrs: Bonnie Resnick (software), Scott Westover (audio), Kevin Hanson (Betamax), Randy Alpert (tv sets), Jim Geitz (car stereo)
Agencies: McCann-Erickson, N.Y.
(Audio/Video Display Device Products)
Sr vp-mgmt rep, Steve Hurwitz
Sr vp-media dir, Ira Carlin
Vp-plng mgr, George Hayes
Marschalk, New York
(Betamax)
Sr vp-mgmt srvcs dir, Roger Stone
Sr vp-media dir, Steve Segal
Vp-assoc media dir, Art Tatnell
Waring & La Rosa, N.Y.
(audio/video tape)
Vp-acct supr, John Cassano
Sr vp-media dir, Martin Narva
Vp-assoc media dir, Milt Herlich
Ammirati & Puris, N.Y.
(Broadcast/communications products)
Sr vp-mgmt rep, Mary Herrmann
Acct supr, Steve Hoechster
Sr vp-dir media, A. Molesphini, Jr.

158. KENNER toys

General Mills

	media dollars	
	1983	1984
Magazines	$ 657,000	$ 977,000
Natl. Sun. mags.	—	—
Newspapers	554,000	—
Network tv	15,528,000	12,979,000
Spot tv	8,770,000	11,615,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$25,509,000**	**$25,571,000**

Classification: games (LNA G-460)
Marketing/brand management:
Vp-mktg srvcs and intl mktg, Louis Gioia, Jr.
Dir-adv, pr, cons proms, John Bohach
Vps-mktg: Linda Denham, Jim Block
Mgr adv srvcs, Janet Hill-Smith
Agencies: Grey, New York
Exec vp-acct mgmt, W. Overend
Exec vp-dir media & prog, Alec Gerster
Vp-assoc media dir, Ariadne Callas
DFS, New York
Exec vp-mgmt dir, Joseph Mack
Sr vp-mgmt supr, Ray Caro
Exec vp-dir mktg srvcs, Allen Banks
Sr vp-sr assoc media dir, Jack Irving

159. KEEBLER

United Biscuits

	media dollars	
	1983	1984
Magazines	$ 1,470,000	$ 914,000
Natl. Sun. mags.	—	—
Newspapers	34,000	154,000
Network tv	15,071,000	17,918,000
Spot tv	2,879,000	6,571,000
Network radio	—	—
Spot radio	28,000	—
Outdoor	—	—
Total	**$19,482,000**	**$25,557,000**

Classifications: cookies and crackers (LNA F-163); confectionery and snacks (LNA F-210)
Marketing/brand management:
Sr vp-mktg, W. Thomas Hanna
Agency: Leo Burnett Co., Chicago
Vp-acct dir, Joe McGowan
Acct suprs: Bob Hall, Sadru Patel
Exec vp-media srvcs div, Willard Hadlock
Vp-media dirs: Chuck Quarnstrom, Jack Klues

160. NCR computers

NCR Corp.

	media dollars	
	1983	1984
Magazines	$ 402,000	$ 3,640,000
Natl. Sun. mags.	—	—
Newspapers	1,233,000	1,779,000
Network tv	10,302,000	17,272,000
Spot tv	87,000	2,810,000
Network radio	—	—
Spot radio	—	—
Outdoor	3,000	—
Total	**$12,027,000**	**$25,501,000**

Classification: computers (LNA B-310)
Marketing/brand management:
(corporate)

Vp-comm, Stephen N. Bowen
Mgr U.S. adv, H. John McCoy
(PC Division)
Vp-gen mgr, Vernon W. Yates
Asst vp, Lewis Van Antwerp
Dealer/mktg mgr, Jeffrey A. Wise
(Data Processing Group)
Sr vp, P. Lappetito
Asst vp-mktg, J. Walsh
Dir prod comm, B. LeMaster
Agency: Backer & Spielvogel, N.Y.
Sr vp-mgmt supr, Charles Decker
Vp-acct dir, J. Edmond Keating
Exec vp-dir media srvcs, Steven Leff
Vp-assoc media dir, Alain Zutter

161. CLOROX laundry products

	media dollars 1983	1984
Magazines	$ 1,331,000	$ 1,913,000
Natl. Sun. mags.	—	—
Newspapers	—	—
Network tv	19,363,000	18,843,000
Spot tv	2,477,000	4,249,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$23,171,000**	**$25,005,000**

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Classification: laundry preparations (LNA H-420)
Marketing/brand management:
Gen mgr, G. Craig Sullivan
Adv mgr, Robert P. Johnson
Assoc adv mgr, Jack Robertson
Dir media, Robert Bolte
Agency: FC&B/San Francisco
Sr vp-grp mgmt supr, Kathleen Ames
Sr vp-mgmt suprs: John Wood, Jane Gardner
Acct suprs: Jon Dale, Richard Ward, Mary Moudry
Vp-assoc media dir, Lon Pulse

162. LISTERINE mouthwash
Warner-Lambert Co.

	media dollars 1983	1984
Magazines	$ 942,000	$ 3,965,000
Natl. Sun. mags.	115,000	210,000
Newspapers	184,000	47,000
Network tv	10,207,000	15,663,000
Spot tv	2,859,000	4,838,000
Network radio	—	—
Spot radio	101,000	221,000
Outdoor	—	—
Total	**$14,408,000**	**$24,944,000**

Classification: mouthwash (LNA D-121)
Marketing brand management:
Vp-mktg, John Walsh
Cat dir, Anne Gladding
Agency: J. Walter Thompson, N.Y.
Sr vp-acct supr, Dolly Bodick
Vp-assoc media div, Ronnie Beason
Media plnr, Anne Cutler

163. WANG
Wang Labs Inc.

	media dollars 1983	1984
Magazines	$ 1,965,000	$ 3,467,000
Natl. Sun. mags.	—	155,000
Newspapers	763,000	1,037,000
Network tv	4,329,000	14,740,000
Spot tv	1,910,000	4,508,000
Network radio	—	—
Spot radio	119,000	954,000
Outdoor	—	—
Total	**$9,086,000**	**$24,861,000**

Classification: computers and data processing equipment (LNA B-310); office machines and equipment (LNA B-320)
Marketing/brand management:
Vp-mktg, Carl Masi
Agency: Hill, Holliday, Connors, Cosmopulos, Boston
Sr vp-mgmt supr, Justin Harrington
Vp-mgmt suprs: Mark Minkin, James Herendeen
Vp-acct supr, Tom Fitzgerald
Acct suprs: Amy Schoening, Terr Keeler
Sr vp-media dir, Felice Kincannon
Vp-assoc media dir, Rowena Alston

164. ADVIL tablets
American Home Products

	media dollars 1983	1984
Magazines	—	$ 2,189,000
Natl. Sun. mags.	—	341,000
Newspapers	—	167,000
Network tv	—	21,125,000
Spot tv	—	806,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**—**	**$24,628,000**

Classification: medicines (LNA D-210)
Marketing/brand management:
Grp prod mgr, K. Bennett
Prod mgr, Kathy Lawless
Adv dir, Richard Feldheim
Agency: Young & Rubicam, N.Y.
Mgmt supr, Fred Langbecker
Media supr, Tania Levy

165. ITT electronics
International Telephone & Telegraph Corp.

	media dollars 1983	1984
Magazines	$ 4,644,000	$ 5,287,000
Natl. Sun. mags.	109,000	—
Newspapers	514,000	1,366,000
Network tv	3,718,000	11,080,000
Spot tv	5,038,000	5,705,000
Network radio	117,000	—
Spot radio	17,000	1,113,000
Outdoor	43,000	3,000
Total	**$14,200,000**	**$24,554,000**

Classification: computers (LNA B-310); communications (LNA B-140)
Marketing/brand management:
Dir adv & sales prom, J. Paul Jannuzzo
Mgr con adv, Robert Cronenwett
Agency: Biederman & Co., N.Y.
Sr vp-mgmt rep, Jack Mason
Acct supr, Bob Sigmund
Sr vp-media dir, Monica Shaffer
Media plnrs: Eileen Applebaum, Ines Gassman

166. SHELL

Royal Dutch/Shell Group

	media dollars 1983	1984
Magazines	$ 20,000	$ 2,271,000
Natl. Sun. mags.	—	—
Newspapers	171,000	1,660,000
Network tv	1,697,000	1,643,000
Spot tv	7,659,000	9,709,000
Network radio	—	—
Spot radio	1,599,000	9,105,000
Outdoor	71,000	39,000
Total	**$11,217,000**	**$24,427,000**

Classification: gasoline, oil (LNA T-210); pest control (LNA T-640)

Marketing/brand management:

Vp-mktg, J.W. Schutzenhofer

Adv-sales prom mgr, J.H. Haines

Agency: Ogilvy & Mather, Houston

Vp-mgmt supr, Kirk Walden

Vp-assoc media mgr, Dan Frazier

167. REYNOLDS

Reynolds Metals

	media dollars 1983	1984
Magazines	$ 1,169,000	$ 2,208,000
Natl. Sun. mags.	224,000	—
Newspapers	692,000	768,000
Network tv	—	—
Spot tv	21,310,000	21,384,000
Network radio	—	—
Spot radio	—	—
Outdoor	18,000	6,000
Total	**$23,413,000**	**$24,366,000**

Classification: food wraps and foils (LNA H-233)

Marketing/brand management:

Natl mktg mgr, P. W. Miltenberger

Div adv mgr, J.D. Mickle

Dir prod adv, S.C. Gaible

Agencies: J. Walter Thompson, N.Y.

(foil wrap)

Sr vp-mgmt dir, Jack Morrissey

Vp-sr acct suprs: Bob Bird, William Dasheff

Sr vp-media dir, Richard Kostyra

Assoc media dir, Ronnie Beason

Tucker Wayne, Atlanta

(oven cooking bags)

Sr vp-media dir, William Zuspan

Media plnr, Jill Ditton

Acct supr, Jim Reeder

Acct exec, Barrett Batson

Lord, Geller, Federico, Einstein, N.Y.

(plastic wrap)

Sr vp-mgmt supr, Sally Minard

Vp-acct supr, Charles Lloyd

Vp-assoc media dir, Sondra Gage

168. SAFEWAY stores

Safeway Food

	media dollars 1983	1984
Magazines	$ 942,000	$ 1,414,000
Natl. Sun. mags.	—	—
Newspapers	(no data)	(no data)
Network tv	—	—
Spot tv	19,470,000	20,118,000
Network radio	—	—
Spot radio	1,722,000	2,624,000
Outdoor	7,000	142,000
Total	**$22,141,000**	**$24,298,000**

Classification: all retail

Marketing/brand management:

Sr vp-dir mktg, John H. Prinster

Vp-adv & prom, Ron Giglio

Agency: Ketchum Advertising/San Francisco

(Corporate)

Sr vp-grp dir, Diane Snedaker

Mgmt supr, Terry DiCario

Acct exec, Zonda Montgomery

Vp-media dir, Cheryl Kroyer

Advertising managers determine media expenditures for respective divisions. Each division employs agency for broadcast — 15 different agencies used throughout U.S.

169. PRUDENTIAL insurance

Prudential Insurance Co.

	media dollars 1983	1984
Magazines	$ 4,225,000	$ 1,803,000
Natl. Sun. mags.	—	—
Newspapers	596,000	650,000
Network tv	17,225,000	19,831,000
Spot tv	2,551,000	1,717,000
Network radio	—	—
Spot radio	181,000	183,000
Outdoor	—	36,000
Total	**$24,778,000**	**$24,220,000**

Classification: insurance (LNA B-210); finance (LNA B-150)

Marketing/brand management:

Vp-pub affairs, Connie Sartain

Vp-adv,Scott Mason

Adv mgr, Mary Lou Sack

Agency: Ted Bates, N.Y.

Exec vp-client srvcs,Lee Hines

Vp-mgmt supr, Tim Corrigan

Acct exec, Hugh Fanning

Asst acct exec, Janis Abrams

Vp-media dir, Tom Mullen

Assoc media dir, Gaye Sussman

Media supr, Carlos Cintron

Media plnr, Stu Finklestein

170. EXXON

Exxon Corp.

	media dollars 1983	1984
Magazines	$ 3,228,000	$ 4,608,000
Natl. Sun. mags.	—	53,000
Newspapers	3,418,000	2,080,000
Network tv	1,111,000	—
Spot tv	16,210,000	16,239,000
Network radio	580,000	—
Spot radio	407,000	267,000
Outdoor	201,000	755,000
Total	**$25,155,000**	**$24,002,000**

Classifications: general (LNA T-230); gasoline, oil (LNA T-210);

Marketing/brand management:

(Brand/promotional)

Adv mgr, J. L. Stanislaus (Exxon Co. U.S.A.,Houston)

(Institutional)

Mgr, J. Kenneth Kansas (Exxon Corp., New York)

Agencies: McCann-Erickson, N.Y.

(Exxon Co. U.S.A., Houston)

Exec vp-mgmt supr, J. G. Hetherly

Vp-acct dir, Jack W. Collins

Acct suprs: Al Kehr, Eric Herbst, David Kunkel

Vp-media dir, Jim Shelby

McCaffrey & McCall, N.Y.

(Exxon Corp, New York)

Sr vp-acct mgmt, John B. Collins

Vp-acct exec, Shelia Walker

Sr vp-media dir, Tom Wilson

Vp-media mgr, Tom Wilson

Vp-assoc media dir, Hans Zucker

Media supr, Ann Price

171. MILTON BRADLEY games

Hasbro Inc.

	media dollars 1983	1984
Magazines	—	$ 238,000
Natl. Sun. mags.	—	—
Newspapers	—	—
Network tv	$ 5,842,000	6,585,000
Spot tv	15,828,000	17,140,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$21,670,000**	**$23,963,000**

Classification: games, toys (LNA G-450)

Marketing/brand management:

Pres, John O'Donnell

Gen mgr, E. David Wilson

Dir prod mgmt, Michael Meyers

Vp-adv, George Merritt

Agency: Griffin Bacal Inc., N.Y.

Pres, Tom Griffin
Exec vp-client srvcs, Paul Kurnit
Mgmt supr, Jeff Zwetchkenbaum
Exec vp-media prog srvcs, Arthur Heller

172. **HEWLETT-PACKARD computers**
Hewlett-Packard Co.

	media dollars	
	1983	1984
Magazines	$ 7,597,000	$11,363,000
Natl. Sun. mags.	—	62,000
Newspapers	3,832,000	4,630,000
Network tv	—	2,328,000
Spot tv	2,374,000	5,308,000
Network radio	—	—
Spot radio	379,000	26,000
Outdoor	—	3,000
Total	**$14,182,000**	**$23,650,000**

Classification: computers (LNA B-310)
Marketing/brand management:
Dir mktg comm, Russell Berg
Agencies: Leo Burnett, Chicago
Sr vp-acct dir, John Peterson
Acct supr, Raj Gupta
Exec vp-media srvcs dir, Willard Hadlock
Vp-media dir, Robert Kirkpatrick
DFS, San Francisco
Sr vp-mgmt supr, David Dunn
Sr vp-media dir, Laura Dearborn

173. **LUVS diapers**
Procter & Gamble

	media dollars	
	1983	1984
Magazines	$ 1,832,000	$ 2,001,000
Natl. Sun. mags.	—	—
Newspapers	417,000	228,000
Network tv	9,405,000	11,666,000
Spot tv	6,722,000	9,382,000
Network radio	—	—
Spot radio	—	141,000
Outdoor	—	164,000
Total	**$18,376,000**	**$23,582,000**

Classification: underclothing (LNA A-120)
Marketing/brand management:
Div mgr, R. R. Nicolosi
Adv mgr, W. J. Wallace
The media group includes:
Dir ntwk rel, Russ Condit
Media dir, J. W. Van Cleave
Asst media dir, Gordon Young
Media mgrs: E. R. Plowden, Lynne C. Veil, James R. Maxwell, Marian Grant
Media Suprs: James P. Connell, S. F. Bentzinger, John Taylor, Susan Porter, Stuart Kunkler
Ntwk coor, Dinah J. Noble
Ntwk scheduler, Kathy Amann
Media asst, Judy Markel
Agency: DFS, New York
Exec vp-mgmt dir, Richard O'Brien
Sr vp-mgmt supr, Richard Pounder
Acct supr, Mitchell Cogert
Exec vp-dir mktg srvcs, Allen Banks
Vp-sr assoc media dir, Richard Weigand
Assoc media dir, Maureen Welch

174. **BLACK & DECKER products**
Black & Decker Corp.

	media dollars	
	1983	1984
Magazines	$ 1,580,000	$ 4,515,000
Natl. Sun. mag.	496,000	—
Newspapers	750,000	876,000
Network tv	7,048,000	14,659,000
Spot tv	3,721,000	3,175,000
Network radio	—	—
Spot radio	—	312,000
Outdoor	—	12,000
Total	**$13,595,000**	**$23,549,000**

Classification: hand and power tools (LNA H-520); household equipment & supplies (LNA H-200)
Marketing/brand management:
Vps-mktg: Ron McDonald (consumer power tools), Phil Ray (professional tools), Jerry Lindauer (consumer accessories)
Agencies: BBDO, N.Y.
(consumer products)
Exec vp-sr mgmt rep, Ken Rogers
Sr vp-mgmt supr, Joseph Crowley
Exec vp-dir of media srvcs, Arnie Semsky
Sr vp-dir of media plng srvcs, Mike Drake
Sr vp-dir ntwk tv & prog, William Croasdale
Vp-assoc media dir, Bruno Crea
Lewis, Gilman & Kynett, Philadelphia
(professional products)
Vp-acct supr, Robert Schell
Media mgr, Gloria Pedalino

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175. **STAYFREE pads**
Johnson & Johnson

	media dollars	
	1983	1984
Magazines	$ 3,293,000	$ 4,338,000
Natl. Sun. mags.	—	—
Newspapers	58,000	—
Network tv	8,489,000	19,036,000
Spot tv	147,000	42,000
Network radio	—	—
Spot radio	38,000	—
Outdoor	—	—
Total	**$12,025,000**	**$23,416,000**

Classification: feminine hygiene products (LNA D-123)
Marketing/brand management:
Vp-mktg, J. B. Ziegler
Prod dir, Doug Reed
Young & Rubicam, N.Y.
Grp dir, acct mgmt, Anne Zopfi
Sr vp-grp media supr, Joseph Mannix

176. **DE BEERS diamonds**
De Beers Con. Mines

	media dollars	
	1983	1984
Magazines	$11,884,000	$12,612,000
Natl. Sun. mags.	—	—
Newspapers	—	—
Network tv	8,095,000	9,142,000
Spot tv	1,188,000	1,412,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$21,167,000**	**$23,166,000**

Classification: jewelry (LNA G-211)
Agency: N W Ayer, N.Y.
Exec vp-exec acct dir, George H. Eversman
Sr vp-mgmt supr, Harkness Cram
Vp-acct supr, Judy Laughren
Vp-grp media dir, David Lehmkuhl
Assoc media dir, Andrea Fields
Media supr, Jean Connolly

177. **SPRINT**
GTE Corp.

	media dollars	
	1983	1984
Magazines	$ 408,000	$ 1,216,000
Natl. Sun. mags.	—	—
Newspapers	—	—
Network tv	21,000	6,231,000
Spot tv	20,093,000	14,693,000
Network radio	—	—
Spot radio	1,013,000	1,013,000
Outdoor	—	—
Total	**$21,535,000**	**$23,153,000**

Classification: communications (LNA B-140)
Marketing/brand management:
Dir adv, Ralph Sherman
Agency: J. Walter Thompson, S.F.
Sr vp-acct dir, Jeff Smith
Vp-mgmt supr, Steve Sanchez
Acct suprs: Tina Meinig, Sherry Carniglia
Media dir, Gabe Samuels
Assoc media dir, Al Adams
Media plnrs: Melissa Batavia (residential), Mindy Kirshbaum (business)
Asst plnr, Lewis Groner

178. OIL OF OLAY
Richardson-Vicks

	media dollars 1983	1984
Magazines	$ 2,804,000	$ 5,118,000
Natl. Sun. mags.	—	—
Newspapers	—	—
Network tv	13,304,000	7,722,000
Spot tv	5,811,000	10,227,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$21,919,000**	**$23,067,000**

Classification: cosmetics (LNA D-110)
Marketing/brand management:
Vp-mktg skin care prods, Tom Laughlin
Dir of media, Irwin Fleischer
Mgr media admin, Evelyn Fitzsimmons
Agency: Young & Rubicam, N.Y.
Sr vp-mgmt supr, Robert Gleckler
Acct supr, Sean Healey
Acct execs: Judy Reiss, Bob Maresca
Sr vp-media grp supr, Nancy Smith
Media supr, Linda Frankel

179. CHEERIOS cereal
General Mills

	media dollars 1983	1984
Magazines	$ 26,000	$ 3,000
Natl. Sun. mags.	—	—
Newspapers	725,000	22,000
Network tv	9,278,000	7,951,000
Spot tv	10,760,000	14,950,000
Network radio	—	—
Spot radio	—	138,000
Outdoor	—	—
Total	**$20,789,000**	**$23,064,000**

Classification: cereals (LNA F-122)
Marketing/brand management:
Vp-dir mktg srvcs, Stephen R. Demeritt
Prod mgr, Rick Schaeffer
Adv srvcs dir, Robert J. Blake
Media srvcs dir, Hal Nitch
Media mgr, Pamela Rothmeier
Agency: DFS, New York
Exec vp-mgmt supr, E. F. Bunn
Vp-mgmt supr, Michael Burns
Exec vp-dir mktg srvcs, Allen Banks
Sr vp-sr assoc media dir, Jack Irving
Vp-assoc media dir, R. Greenberg

180. BELL ATLANTIC

	media dollars 1983	1984
Magazines	$ 258,000	$ 580,000
Natl. Sun. mags.	61,000	—
Newspapers	5,243,000	6,402,000
Network tv	—	—
Spot tv	—	8,628,000
Network radio	—	—
Spot radio	876,000	5,380,000
Outdoor	—	—
Total	**$6,438,000**	**$22,990,000**

Classification: communications (LNA B-145)
Marketing/brand management:
Dist staff adv mgrs: Paul Truntick (Bell Atlantic), Steve Alston (Penn. Bell/Diamond Bell), Grace De Paola (N.J. Bell), Nick Linn (C&P Bell)
Agencies: Ketchum/Philadelphia
(Bell Atlantic — corporate)
Exec vp, John Fitzgerald
Mgmt supr, Don Kohri
Acct supr, Debra Hoxter
Media dir, Marjorie Lefcoe
Sr media plnr, John DeSanto
Ketchum/Washington
(Bell Atlantic — management services, Chesapeake & Potomac)
Sr vp-gen mgr, Tom Rich
Vp-mgmt supr, Sam Rand
Sr acct exec, Joe Sharlit
Vp-assoc media dir, Mike Walsh (Pittsburgh)
Bozell & Jacobs, Union, N.J.
(New Jersey Bell)
Exec vp-gen mgr, Ron Vrba
Acct supr, Jayne Gretz
Vp-media dir, Richard V. Berry
Lewis Gilman & Kynett, Philadelphia
(Bell Atlantic Yellow Pages, Mobile Systems, Bell of Pennsylvania, Diamond State (Del.) Telephone)
Acct execs: Chris Snyder (BAYP), Brian Goerke (Bell Pa./Del.), Peter Gladstone (BAMS)
Media mgr, Fred Moffatt

181. AQUA-FRESH toothpaste
Beecham

	media dollars 1983	1984
Magazines	$ 969,000	$ 707,000
Natl. Sun. mags.	—	—
Newspapers	—	17,000
Network tv	22,757,000	20,991,000
Spot tv	812,000	1,258,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$24,538,000**	**$22,973,000**

Classification: toothpaste (LNA D-120)
Marketing/brand management:
Vp-mktg, R. Snell
Media dir, Philip Branch
Agency: Grey, New York
Sr vp-acct mgmt, Robert Burruss
Exec vp-dir media & prog, Alec Gerster
Vp-assoc media dir, Jack Jadick

182. ATARI
Atari Corp.

	media dollars 1983	1984
Magazines	$ 5,894,000	$ 2,053,000
Natl. Sun. mags.	377,000	—
Newspapers	4,244,000	1,661,000
Network tv	50,035,000	18,028,000
Spot tv	9,652,000	937,000
Network radio	373,000	62,000
Spot radio	2,109,000	192,000
Outdoor	10,000	—
Total	**$72,694,000**	**$22,933,000**

Say
Congratulations
with new
Competitive-Rate
U.S. Savings Bonds
America's favorite
way to save!

Classifications: games (LNA G-460); home electronics (LNA H-320)
Marketing/brand management:
Ceo, Jack Tramiel
Agency:
(Unassigned at press time)

183. KROGER foods
Kroger

	media dollars	
	1983	1984
Magazines	$ 246,000	$ 6,000
Natl. Sun. mags.	—	—
Newspapers	(no data)	(no data)
Network tv	—	—
Spot tv	17,310,000	20,455,000
Network radio	—	—
Spot radio	1,380,000	2,164,000
Outdoor	596,000	259,000
Total	**$19,532,000**	**$22,884,000**

Classifications: all retail
Marketing/brand management:
Vp-adv, Dick Owens
Dir of adv, Alan Siec
Agency: Campbell-Mithun, Chicago
Sr vp-mgmt supr, Bill White
Vp-media dir, Arthur Edelstein
Vp-assoc media dir, Janet Bak

184. AMTRAK railroad
National Railroad Passenger Corp.

	media dollars	
	1983	1984
Magazines	$ 4,958,000	$ 4,017,000
Natl. Sun. mags.	1,142,000	1,671,000
Newspapers	5,979,000	9,505,000
Network tv	—	—
Spot tv	7,089,000	5,178,000
Network radio	289,000	6,000
Spot radio	1,586,000	1,562,000
Outdoor	246,000	813,000
Total	**$21,289,000**	**$22,752,000**

Classification: railroad travel (LNA T-411)
Marketing/brand management:
Exec vp-mktg & bus dev, William Norman
Dir adv & sales prom, William Castleberry
Agency: Needham Harper Worldwide
Sr vp-mgmt rep, Roy Lancaster
Vp-assoc media dir, Robert Huff

Trend comments on page 50.

185. SWANSON foods
Campbell Soup

	media dollars	
	1983	1984
Magazines	$ 1,316,000	$ 1,898,000
Natl. Sun. mags.	104,000	56,000
Newspapers	1,461,000	348,000
Network tv	11,127,000	13,474,000
Spot tv	7,341,000	6,374,000
Network radio	—	—
Spot radio	27,000	—
Outdoor	—	9,000
Total	**$21,376,000**	**$22,159,000**

Classifications: meats, poultry, fish (LNA F-150); prepared foods (LNA F-120)
Marketing/brand management:
Vp-mktg, H.M. Baum
Pres-CSC advtg, Paul N. Muleahy
Vp-con srvcs, Z. Coulson
Dir media srvcs, George D. Mahrlig
(frozen food group)
Grp gen mgr, S.A. McNeil
Mktg div (LeMenu), Tom Noto
Div mktg, R.F. Bernstock
Mktg mgrs: D.E. Lynn, R.M. Revelle, G.S. Loesch, J.L. Slocum, S. Trainor-Smith
Agencies: CSC Advertising, Camden (house agency)
Ogilvy & Mather, N.Y.
(Swanson LeMenu)
Exec vp-supr, Graham Phillis
Sr vp-acct grp dir, Cliff Angers
Vp-mgmt suprs, Stephanie Becker, Fred Lamparter
Acct suprs: Sally Luce, Phil Juliano
Acct execs: J. Cohen, Kathleen Frick
Sr vp-assoc media dir, Tony Nacinovich
Vp-asst media dir, Mark Belton
Ogilvy & Mather, San Francisco
(Swanson regular, Hungry Man)
Sr vp-gen mgr, Donald D. Ashley
Sr vp-mgmt supr, Ira S. Zuckerman
Vp-acct supr, Patricia S. Hader
Vp-media dir, Patricia McCall

186. DEL MONTE
R.J. Reynolds

	media dollars	
	1983	1984
Magazines	$ 1,639,000	$ 1,694,000
Natl. Sun. mags.	1,234,000	462,000
Newspapers	1,011,000	396,000
Network tv	4,645,000	15,257,000
Spot tv	4,741,000	3,390,000
Network radio	—	—
Spot radio	12,000	649,000
Outdoor	266,000	118,000
Total	**$13,548,000**	**$21,966,000**

Classification: foods (LNA F-100)
Marketing/brand management:
Vp-mktg — (dry groceries/beverage div), Stephen Rothschild
Vp-prod mgmt (seasonal products), Richard Lynch
McCann-Erickson, San Francisco
(canned and dried foods, fresh fruit)
Sr vp-de[illegible] mgr, Ewan Macdonald
Sr vp-mgmt supr, Wayne Fulcher
Vp-mgmt supr, Walter Menzel
Vp-assoc media dir, Susan Zanotti

187. HERTZ car rentals
RCA Corp

	media dollars	
	1983	1984
Magazines	$ 1,968,000	$ 3,279,000
Natl. Sun. mags.	47,000	115,000
Newspapers	8,429,000	7,566,000
Network tv	8,855,000	3,415,000
Spot tv	1,356,000	5,449,000
Network radio	—	—
Spot radio	3,712,000	2,035,000
Outdoor	23,000	104,000
Total	**$24,390,000**	**$21,963,000**

Classification: car rentals (LNA T-114, T-410)
Marketing/brand management:
Sr vp-mktg, Brian Kennedy
Dir of adv, David Hahn
Agencies: Scali, McCabe & Sloves, N.Y.
Sr vp-mgmt supr, Murray Gaylord
Vp-assoc media dir, Bill Bender

188. SHARP electronics
Sharp Corp.

	media dollars	
	1983	1984
Magazines	$ 1,979,000	$ 4,813,000
Natl. Sun. mags.	—	—
Newspapers	1,307,000	1,280,000
Network tv	12,310,000	14,230,000
Spot tv	1,605,000	1,139,000
Network radio	—	—
Spot radio	—	—
Outdoor	186,000	435,000
Total	**$17,387,000**	**$21,897,000**

Classification: computers (LNA B-310); office machines (LNA B-320); video systems (LNA H-310)
Marketing/brand management:
Mgr corp comm & mktg, Daniel J. Infanti
Mgrs mktg comm: Don Osborne (industrial), Jerry Orenstein (consumer)
Agency: Scali, McCabe & Sloves, N.Y.

Sr vp-mgmt supr, Bill Tucker
Vps-mgmt supr: Jay Durante (consumer), Larry McNaughton (industrial)
Vp-assoc media div, Maryann Coffas

189. RAGU foods
Chesebrough-Pond's

	media dollars 1983	media dollars 1984
Magazines	$ 824,000	$ 730,000
Natl. Sun. mags.	—	353,000
Newspapers	325,000	629,000
Network tv	12,368,000	17,169,000
Spot tv	5,925,000	1,439,000
Network radio	—	1,546,000
Spot radio	—	—
Outdoor	—	—
Total	**$19,442,000**	**$21,866,000**

Classifications: sauces (LNA F-117); prepared mixes (LNA F-113)
Marketing/brand management:
Mktg dir, Michael Jeans
Grp prod mgrs: Robert Maurer (Ragu, Adolph's), John Rice (Pizza Quick sauce, new products)
Media dir-corp, Joseph Campion
Agency: Waring & LaRosa, N.Y.
Sr vp-mgmt supr, Irwin Levy
Acct supr, Clark Olver
Acct execs, Ron James, Ellie Schwartz
Sr vp-media dir, Martin Narva
Vp-assoc media dir, Jean Mandel

190. ESTEE LAUDER cosmetics
Estee Lauder Inc.

	media dollars 1983	media dollars 1984
Magazines	$ 4,510,000	$ 7,367,000
Natl. Sun. mags.	552,000	830,000
Newspapers	1,237,000	1,220,000
Network tv	—	—
Spot tv	11,028,000	11,885,000
Network radio	—	—
Spot radio	357,000	433,000
Outdoor	—	4,000
Total	**$17,684,000**	**$21,739,000**

Classification: cosmetics and beauty aids (LNA D-110)
Marketing/brand management:
Dir adv, Joan Kass (bdcst)
Mgr coop adv, Linda Siegel
Agency: AC&R, New York
Vp-acct supr, Lida Burpee
Sr vp-media div, Michael Langone
Vp-assoc media dir, Margaret Langone

191. LOWENBRAU beer
Philip Morris

	media dollars 1983	media dollars 1984
Magazines	$ 130,000	$ 454,000
Natl. Sun. mags.	—	—
Newspapers	81,000	18,000
Network tv	15,918,000	12,387,000
Spot tv	4,748,000	5,762,000
Network radio	—	—
Spot radio	4,020,000	3,045,000
Outdoor	18,000	14,000
Total	**$24,915,000**	**$21,680,000**

Classification: beer (LNA F-310)
Marketing/brand management:
Vp-brand mgmt, Robert A. Toledo
Grp prod dir, Jay R. Neidenberg
Brand mgr, Tamara Hauck
Agency: Backer & Spielvogel, N.Y.
Sr vp-grp mgmt supr, Jeffrey Palmer
Exec vp-dir media srvcs, Stephen Leff
Sr vp-media dir, Jay Schoenfeld
Vp-assoc media dir, Scott Butler

192. WEIGHT WATCHERS
H. J. Heinz

	media dollars 1983	media dollars 1984
Magazines	$ 3,805,000	$ 3,670,000
Natl. Sun. mags.	153,000	151,000
Newspapers	459,000	92,000
Network tv	9,438,000	10,758,000
Spot tv	4,063,000	6,963,000
Network radio	—	—
Spot radio	149,000	—
Outdoor	63,000	6,000
Total	**$18,110,000**	**$21,640,000**

Classification: prepared foods (LNA F-120)
Marketing/brand management:
Vp-mktg 2nd oper, Les Parducci
Gen mktg mgr, Cathy Messinger
Agency: Doyle Dane Bernbach, N.Y.
Grp sr vp, Bob Freeman
Vp-acct supr, Mark Abrams
Assoc media dir, Dorothy Nicholls
Media plnr, Paul Sammon

For alphabetical index, turn to page 48.

193. MOBIL gasoline/oil
Mobil Oil

	media dollars 1983	media dollars 1984
Magazines	$ 3,190,000	$ 3,086,000
Natl. Sun mags.	1,306,000	1,055,000
Newspapers	6,473,000	6,448,000
Network tv	6,000	187,000
Spot tv	7,384,000	9,580,000
Network radio	—	—
Spot radio	1,630,000	1,047,000
Outdoor	40,000	33,000
Total	**$20,029,000**	**$21,436,000**

Classifications: general promotion (LNA T-230); gas/oil (LNA T-211)
Marketing/brand management:
(U.S. Marketing and Refining Div.)
Vp-gen mgr mktg, Joseph B. Hinton
Gen mgr mktg srvcs, K. C. Esty
Adv/sales prom mgr, A. G. Spiess
Mgr comm adv, Isaac Kershaw
(public affairs div.)
Vp-public affairs, Herbert Schmertz
Gen mgr-pub rel, J. B. Merrell
Agencies: DDB, New York
Exec vp, Larry Iannuzzelli
Exec vp-dir media & prog, Michael Drexler
Vp-media plng dir, George Huelser
Assoc media plng dir, Stan Grayson
Creamer, New York/Chicago
(farm and industrial)
(New York)
Sr vp-acct supr, Fred Dixon
Sr vp-media dir, Allan Linderman
Media supr, Irwin Joseph
(Chicago)
Vp-agric grp head, Ron Hortsman
Sr media plnr/buyer, Jim Wyza

194. MEISTER BRAU beer
Philip Morris Inc.

	media dollars 1983	media dollars 1984
Magazines	—	—
Natl. Sun. mags.	—	—
Newspapers	$ 1,028,000	$ 41,000
Network tv	8,300,000	18,336,000
Spot tv	2,887,000	2,906,000
Network radio	—	—
Spot radio	—	—
Outdoor	9,000	25,000
Total	**$12,224,000**	**$21,308,000**

Classification: beer (LNA F-130)
Marketing/brand management:
Vp-brand mgmt, Robert A. Toledo
Grp prod dir, Jay R. Neidenberg
Brand mgr, Mike Boykin

Agency: Backer & Spielvogel, N.Y.
Sr vp-grp mgmt supr, Jeffrey Palmer
Exec vp-dir media srvcs, Stephen Leff
Sr vp-media dir, Jay Schoenfeld
Vp-assoc media dir, Scott Butler

195. REPUBLIC

Republic Airlines

	media dollars	
	1983	1984
Magazines	$ 1,785,000	$ 394,000
Natl. Sun. mags.	—	—
Newspapers	11,660,000	9,165,000
Network tv	2,053,000	1,528,000
Spot tv	5,175,000	3,527,000
Network radio	—	—
Spot radio	5,337,000	5,672,000
Outdoor	1,010,000	1,014,000
Total	**$27,020,000**	**$21,300,000**

Classification: passenger travel (LNA T-410)
Marketing/brand management:
Sr vp-mktg comm, A. B. Magary
Dir of mktg comm, John W. Temple
Mgr of mktg comm, Deborah Cundy
Agency: DFS, New York
Exec vp-acct dir, Thomas E. Bohan
Sr vp-mgmt supr, Mike Keeshan
Exec vp-dir mktg srvcs, Allen Banks
Sr vp-sr assoc media dir, Ira Weinblatt
Assoc media dir, Don Morrison

196. WOOLWORTH

F. W. Woolworth

	media dollars	
	1983	1984
Magazines	$ 200,000	$ 225,000
Natl. Sun. mags.	—	—
Newspapers	21,228,000	21,000,000
Network tv	—	—
Spot tv	176,000	10,000
Network radio	—	—
Spot radio	531,000	45,000
Outdoor	—	—
Total	**$22,135,000**	**$21,280,000**

Classification: all retail
Marketing/brand management:
Sr vp-merchandise, Bob Lynn
Vp-sales & adv, Gary Fuller
Dir adv, Charles Worley
Agency: Sawdon & Bess, N.Y.
Chmn/ceo, Jerome Bess
Pres, Martin M. Mitchell
Exec vp-mgmt supr, Donald L. Patrick
Sr vp-media dir, John Prendergast
Bdcst dir, David Wahlberg

197. CRYSTAL LIGHT diet drink mix

General Foods

	media dollars	
	1983	1984
Magazines	—	$ 443,000
Natl. Sun. mags.	—	—
Newspapers	$ 261,000	162,000
Network tv	—	13,169,000
Spot tv	6,760,000	6,643,000
Network radio	—	—
Spot radio	131,000	839,000
Outdoor	—	—
Total	**$7,152,000**	**$21,256,000**

Classification: fruit juices and drinks (LNA F-172)
Marketing/brand management:
Gen mgr, R. Sansone
Mktg mgr, G. Murphy
The media group includes:
Dir, media srvcs, David K. Braun
Assoc dir, media srvcs, D. J. Miceli
Mgr, local media, Gary Gruneberg
Asst mgr, local media L. F. Meyer
Mgr, plng buying: Brenda Jansen (network)
Asst mgrs, plng buying: Kathy Olvany-Riordan (print), Jonathan Sims (research)
Media asst, Bobby Asano
Agencies: Benton & Bowles, N.Y.
Sr vp-acct dir, Dick Hopple
Vp-assoc media dir, Brian Hughes

198. VIDAL SASSOON hair products

Richardson-Vicks Inc.

	media dollars	
	1983	1984
Magazines	$ 1,360,000	$ 2,856,000
Natl. Sun. mags.	—	—
Newspapers	32,000	—
Network tv	7,007,000	16,346,000
Spot tv	5,085,000	1,275,000
Network radio	692,000	744,000
Spot radio	29,000	—
Outdoor	—	—
Total	**$14,205,000**	**$21,221,000**

Classification: hair products (LNA D-140)
Marketing/brand management:
Sr corp vp-adv, Laurance Taylor
Agency: Peter Rogers, N.Y.
Pres-Acct exec, Peter Rogers
Sr vp-dir acct srvcs, Gerry Tabaczyk
Vp-media dir, Chuck Cohen

199. MAXITHINS pads

Tambrands

	media dollars	
	1983	1984
Magazines	$ 3,720,000	$ 4,422,000
Natl. Sun. mags.	21,000	—
Newspapers	54,000	80,000
Network tv	12,899,000	15,904,000
Spot tv	363,000	669,000
Network radio	—	—
Spot radio	—	—
Outdoor	—	—
Total	**$17,057,000**	**$21,075,000**

Classification: feminine hygiene (LNA D-123)
Marketing/brand management:
Vp-mktg, Douglas B. Fox
Prod mgr, Jan Rock
Agencies: MCA Advertising, N.Y.
Vp-acct mgr, Jack McFadden
Sr vp-dir of media, Dawn Sibley
Assoc media dir, Jim Vail
Castor Spanish Intl, N.Y.
(Spanish markets — corporate/product)
Pres, Castor Fernandez
Vp-gen mgr, Jorge Renardus
Media dir, Carlos Delgado
Media asst, Gustaro Gatell
Media buyer, Nieres Diaz

200. AMOCO

Standard Oil of Indiana

	media dollars	
	1983	1984
Magazines	$ 542,000	$ 3,198,000
Natl. Sun. mags.	—	—
Newspapers	547,000	1,142,000
Network tv	—	—
Spot tv	12,056,000	11,587,000
Network radio	—	—
Spot radio	1,264,000	4,579,000
Outdoor	321,000	499,000
Total	**$14,730,000**	**$21,005,000**

Classification: gasoline and oil (LNA T-210)
Marketing/brand management:
Sr vp mktg, S. G. Van Sickle
Gen mgr mktg, John C. Bergman
Dir of adv, John A Stitzell
Agency: D'Arcy MacManus Masius, Chicago
Sr vp-mgmt supr, John Breen
Acct grp suprs, Gary Waldron, Rick Grant
Sr vp-dir media srvcs, Joseph Zeller
Assoc media dir, Dave Wurfel
Media supr, Karen Johnson
Media plnrs: Jeanette Jummati, Tim Ives

Who's squeezing whom in the lemon-lime wars?

In the next battle in the soft drink industry, Coca-Cola and Pepsi-Cola USA step outside the cola arena to go after 7Up's strong lead in lemon-lime. High stakes have set off a charged fight that could prove troublesome for not only the loser.

Michael Mella

"Our competitors are stunned to see national sales impact from a brand that is still being introduced."

JOHN COSTELLO,
senior vp/sales and marketing, Pepsi-Cola USA

Distracted by Bill Cosby's slurps of new Coke and Pepsi's mocking of its rival's taste gamble, a second highly charged soft drink skirmish has been all but lost in the colas' froth.

The fight for supremacy of the lemon-lime category, however, is bubbling over. Although lemon-lime drinks command only 13% of the total $20-billion-in-revenue soft drink industry, they have become increasingly important as marketers seek new or underdeveloped beverage segments to ignite sales in a maturing business. The battle for control promises to be an emotional one, mixing pride, grudges, ingenuity — and money.

Can a revitalized Coca-Cola maintain rapid sales growth for its zesty Sprite to surpass 7Up as the leading lemon-lime by next year? Can a slower-moving but solid Seven-Up Co. take the fizz out of its challenger and retain its long-coveted leadership position? Will the roll-out of Pepsi-Cola USA's Slice, a lemon-lime soft drink with 10% fruit juice, create a fast-growing refreshment to propel the sluggish industry while fulfilling its aim to snare second place in the segment between its two able competitors?

The projections are mixed. Sprite has less than half 7Up's volume but is riding a huge wave of momentum. Aggressive price discounting, sharp ads proclaiming superior taste, and ad funds double the size of two years ago have helped to spin the drink out from its lethargic past. Last year, regular Sprite advanced 28% in sales while diet Sprite leaped 55%, according to figures in *Beverage Industry* from Furman, Selz, Mager, Dietz & Birney analyst John Maxwell. The gains helped Sprite advance from eighth most popular beverage overall to sixth.

The two brands haven't eased up this year either. Nielsen data, which measures take home sales at grocery stores, shows that for the first four months of this year, the sugared "lymon" Sprite grew 29% while the diet version with NutraSweet gained 58%. "If the trend lines continue," believes Jesse Meyers, publisher of the industry newsletter, *Beverage Digest*, "Sprite could topple 7Up by next year."

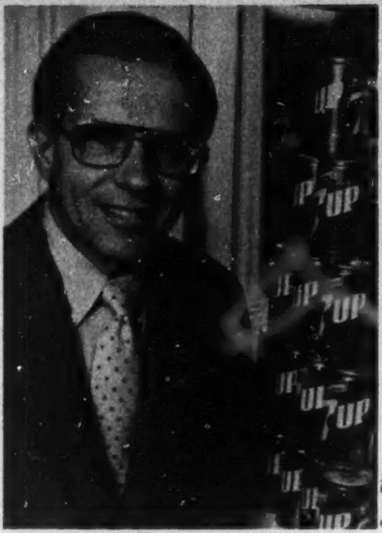
For sure, Seven-Up, a subsidiary of Philip Morris Inc., has been bruised. Regular 7Up managed only a 1% rise and diet 7Up climbed nearly 12% last year, but the flagship still slipped a notch to fourth place overall as diet Coke swept by it. The news is mixed for Seven-Up so far this year too. The Nielsens indicate that sugared 7Up slipped 3% during the first four months of 1985. Diet 7Up, however, gained another 11%.

A big part of the St. Louis-based company's problems is its inability to get its two-year-old cola called Like into more than 50% of the country, points out Emanuel Goldman, an analyst with Montgomery Securities.

Seven-Up needs the volume and profit potential of a cola, which make up over 63% of total soft drink sales, to compete effectively with the cola giants. But many of Seven-Up's bottlers also carry either Coke or Pepsi and are prohibited by their contracts with these syrup producers to carry a competing product. Few, if any of these bottlers are willing to give up the assured profits and clout of carrying a Coke or a Pepsi to take on newcomer Like. Therefore, Seven-Up continues to wage a David vs. Goliath fight, with its own relatively small 7% stake jockeying against the cola giants' combined and mushrooming 66% share domination of the industry.

Its lack of comparative heft can hurt in many ways. For instance, a Coca-Cola bottler can spread the cost of discounting Sprite over a high percentage of other Coca-Cola brands it distributes. But the independent bottlers that Seven-Up relies heavily upon are hard-pressed to do the same. Brand 7Up might contribute as much as 75% of that bottler's volume.

With the stakes that much higher, the company has returned to the advertising theme that brought it prominence and growth. It has resurrected the memorable UnCola campaign, and turned away from comparative ads which touted such qualities as no caffeine.


Scott Dine

Seven-Up's Schmed reasserts 7Up's dominance in lemon-lime.

At the heart of the new campaign's strategy is a reassertion of Seven-Up's leadership position and the brand's strong taste alternative to its lemon-lime invaders. "Our competitors have a long way to go before they approach the sort of volume that Seven-Up is doing," asserts Charles W. Schmed, executive vice president of the soft drink concern. Schmed oversees Seven-Up's $41.5 million of advertising ammunition, an effort 58% more mighty than in 1983. Part of Seven-Up's strategy this year is to re-direct 25% more ad dollars to teenagers, a group Pepsi has successfully embraced with its rock video commercials.

But Seven-Up not only has to deflect Coca-Cola's attacks, but Pepsi's onslaught into lemon-lime with new brand, Slice. The drink is intriguing because it seeks to harness consumers concerned with imbibing more natural, supposedly-healthful foods by adding fruit juice to its effervescent soda base.

Pepsi has high hopes for Slice. With only 20% distribution in the U.S., Slice has cut itself a generous .7% piece of the market share pie during the Nielsen reporting period, February/March. "I think our competitors are stunned to see national sales impact from a brand that is still being introduced," says John Costello, senior vice president, sales and marketing.

But to meet its objectives, Slice must continue that stellar performance as it rolls nationwide, and that is questionable. The drink has been distributed so far in several strong lemon-lime markets, such as the West Coast. This may mean that Slice could fall short of its projected 3.5 market share nationwide.

With 10% juice, Slice is seen by Pepsi and industry observers as being distinct from its two other lemon-lime based soft drinks. Teem, with a marginal share of under 1% of the total market, is strong primarily in vending machine sales. Mountain Dew, a sugary, high-caffeine beverage, claims eighth place among all soft drinks, but carries a hillbilly image for its popularity in the Appalachian region.

But Pepsi's Slice may be hampered by distribution problems of its own. A riled Seven-Up has seen to it that franchise agreements restrict any of its bottlers, even if they are also a Pepsi franchise, from taking on Slice. Even so, analyst Goldman figures Slice will be able to reach 70% national distribution without bumping up against

SEVEN-UP Media Spending

	1983	1984	% change
Magazines	$ 406,000	$ 811,000	100%
Sunday mags	314,000	–	–
Newspapers	1,700,000	1,151,000	– 35%
Network TV	13,503,000	22,087,000	+ 63%
Spot TV	6,402,000	12,154,000	+ 89%
Spot radio	2,935,000	4,823,000	+ 64%
Outdoor	958,000	439,000	– 45%
Total	$26,276,000	$41,465,000	+ 58%

SPRITE Media Spending

	1983	1984	% change
Magazines	$ 1,604,000	$ 503,000	– 69%
Sunday mags	–	–	–
Newspapers	164,000	427,000	+ 260%
Network TV	16,388,000	18,843,000	+ 15%
Spot TV	7,791,000	10,033,000	+ 29%
Spot radio	731,000	1,149,000	+ 57%
Outdoor	75,000	20,000	– 73%
Total	$26,753,000	30,975,000	+ 16%

Source: M&MD, LNA, RER, Media Records; Seven-Up figures for 7-Up brand only

Seven-Up's exclusive turf. Seemingly unworried, Seven-Up's Schmed notes, "It's going to be fun to watch Sprite and Slice fight for second place in the lemon-lime category."

The pileup of companies competing for soft drink customers' gullets has many observers predicting further consolidation in the industry. As Coca-Cola and Pepsi-Cola increase their hold on the marketplace — and their fight between themselves — the price of playing in the game increases exponentially. Only those with deep pockets dare apply. For example, last year R. J. Reynolds bought both Canada Dry and Sunkist. In addition, smaller soft drink producer Dr Pepper has been forced to opt for a regional strategy despite continuous attempts to be a strong national contender.

Fueling the pressure on soft drink makers are other beverages such as bottled waters, juices, wine coolers and beer. These liquids have successfully positioned themselves as refreshment drinks, thereby increasing the competition to slake thirsts.

These factors, plus changing demographics, have caused the soft drink industry to grow more slowly. Overall, the industry has been managing a 4% annual gain the past few years, largely on the huge success of diet sodas. With the pace of growth slackened from the 10% annual increases recorded in the early 1970's, soft drink producers are looking to develop undermarketed niches. "Now that the cola giants have assumed an even greater share of the total market and have essentially blunted Seven-Up's Like cola, they are looking to segments such as lemon-lime," says Michael Bellas, president of Beverage Marketing Corp., a market research firm. The lemon-lime segment grew 7.8% last year, outpacing cola's 5.6% rise. "Now Seven-Up is facing a much tougher battle," he says. David A. Goldman, an analyst at E.F. Hutton comments, "I wouldn't be sleeping well if I was Seven-Up. They are either going to be sold or scaled back to a regional brand," he predicts.

Nonsense, snaps Seven-Up's Schmed. "We get very frustrated over all of this talk about the selling of the company. If you look at the investments we've made, they're all to develop the kind of bottler system and brands that we need to be profitable on a long-term basis," he counters. As an example, he points to the recent completion of a $20 million research and development center in St. Louis. He also notes that in an effort to exert greater influence over its bottlers, Seven-Up has increased its company-owned bottling operations from one to 17 since 1978, and has also furthered its distribution and marketing capabilities by participating as equity partners with more of its bottlers.

Jay Leviton

Coca-Cola's Zyman aims to topple 7Up from first place.

Seven-Up's Schmed says it's going to be fun to watch Sprite and Slice fight for second place in the lemon-lime category.

Schmed quickly dismisses the notion of 7Up becoming a regional beverage. "If you go back three years, you'll find that brand Coke, even with the introduction of caffeine-free Coke, has been off 1.7% during that period, while regular brand 7Up grew 16.2%," tells Schmed. "I don't think I'm going to try to tell you that I think brand Coke is going to turn into a regional brand because of that three-year period," he asserts. Meanwhile, parent Philip Morris continues to reaffirm its loyalty to Seven-Up, noting that its corporate revenues of $13.2 billion and profits of $888.5 million are ample enough to absorb any losses. (The subsidiary eked out a $5.3 million operating profit on sales of $734 million last year — the first time it was in the black since 1979, a year after it was acquired.)

Schmed also has an explanation for Sprite's sure-footed attack against 7Up. "It's a question of focus," he says. "First diet Coke was introduced and their bottlers emphasized that drink and de-emphasized Sprite so, naturally, volume suffered. Then, when diet Coke became established, Coca-Cola decided to spend as much money advertising Sprite as I spend on advertising 7Up, which is a hell of a lot of money, and all of a sudden, miraculously, Sprite turns around," he says somewhat sarcastically. (Sprite's ad budget of $31 million has nearly doubled over the past two years.)

Schmed says, though, that he welcomes Sprite's feistiness. "Our competition is spending disproportionate amounts of media and marketing dollars against Sprite to establish a position. As that high level of spending drops back, as it always does once a company decides that they've reached the plateau that they can maintain," he reasons, "we see Seven-Up having an opportunity to grow significantly in a much larger category that our competition has helped create for us."

But Coca-Cola's senior vice president of marketing, Sergio Zyman, labels any promotional or advertising cutbacks as "wishful thinking. Our share is going up every day, and basically, you start becoming very efficient in your spending. You have to keep [spending] the same dollars to remain competitive, but your volume goes up," he argues. Taking note of Sprite's superior taste claims, Patrick Garner, vice president and brand manager for Sprite, declares, "7Up in many ways has become the absence of many things. It's uncola. It's no caffeine. In the diet version, it's no saccharin and no diet aftertaste. We believe those are generic category benefits. You have to have all of those things and then one more, and we call that best taste."

Seven-Up, however, doesn't seem too worried about Sprite's claims of superior taste. Schmed explains that their market research shows consumers

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The Maxxum clicks for Minolta

The future is a pretty picture for second-ranked Minolta, based on the successful introduction of its fully automatic single-lens reflex camera, the Maxxum. Even the competition is impressed, and number-one Canon can feel Minolta's breath.

"We bet a heavy percent of the company on the success of Maxxum," confides James D. de Merlier, director of marketing for Minolta's photographic division. The prize they are after is not just the successful introduction of an innovative 35mm camera. With Maxxum, Minolta is out to dominate the upscale amateur segment of the $8.5 billion photography market. And Maxxum may be just the product to launch them to the top.

Number-two Minolta put 240 engineers to work for three years to develop a product to help them unseat the market leader, Canon. The result, the Maxxum, is the first single-lens reflex (SLR) 35mm camera to offer the full range of automatic features. To accomplish this feat, Minolta developed a hybrid metal/plastic casing to replace the costly (and heavy) traditional metal body. The new, moldable casing is so successful, according to Herbert Keppler, editor of *Modern Photography*, that "even if I showed you where the metal leaves off and the plastic begins, you couldn't see it."

De Merlier hopes the full menu of automatic features will work the same magic for the SLR segment as it did for the range finder cameras — and he's not alone. "The new cycle of enthusiasm for SLR's is just beginning," says John Widlicka, director and national sales manager of Canon's camera division. Right now, he points out, the auto focus cameras represent 10% of the SLR market at the high end of that segment. He believes that cameras such as the Maxxum and Canon's own auto focus entry, the T-80, will help rejuvenate the stagnant segment.

INTRODUCING MINOLTA
MAXXUM
AUTOFOCUS SYSTEM
ONLY THE HUMAN EYE FOCUSES FASTER.
MINOLTA
ONLY FROM THE MIND OF MINOLTA
MINOLTA

The Maxxum may revolutionize the amateur photography field.

And if history is any indication, they may do just that. When auto focus was introduced in less expensive range finder cameras, the popularity of photography soared. Unit sales, spurred by the ease of use of these "point and shoot" models, leapt from half a million to more than two million within three years. In 1983, sales of range finders passed SLR's for the first time, 2.3 million to 2.2 million. De Merlier points out that the auto focus feature boosted unit prices 25%, to a current average of $150. And he sees no reason why the upscale consumer, willing to pay over $300 for a sophisticated camera, wouldn't shell out a 25% premium for the guarantee of perfect snaps.

Though Canon and Pentax also have auto focus models, even Widlicka concedes that "Minolta has a winning camera." More remarkable than the technology, however, is the calculated marketing strategy behind the Maxxum. "What you usually think Canon would do," crows *Modern Photography*'s Keppler, "Minolta did. For the first time, they got it all together." That the camera is back-ordered a mere six months after its introduction is the clearest testimony of Minolta's success.

Consider the introduction timing. As much as 18 months ago, de Merlier designated January 23, 1985, as D-Day. At first glance, this is an odd choice. The first quarter is usually the quietest in the photo industry. Retailers are still recovering from Christmas. Competitors' marketing funds are depleted after the traditional fourth-quarter free-for-all. Rather than introduce the Maxxum with classic timing — in the fourth quarter or in the midst of a photo trade show — de Merlier set out to be iconoclastic. He was eager for full attention from the 6,000 specialty dealers and national discount outlets, and he knew he could dominate the trade during this otherwise uneventful season. The amateur photography magazines, meanwhile, gave the introduction the most space ever devoted to a new camera — *Popular Photography*, for example, heralded the Maxxum with an eight-page spread in the March 1985 issue of the magazine.

Most important, because the media wouldn't be crowded with photo advertising, de Merlier figured his marketing budget would afford greater impact. Observers estimate that Minolta put about $15 million behind Maxxum — more than the company total in 1984 for cameras and copiers. "It appears that almost all efforts are being diverted to this camera," notes Jan Brown, supervisor of market planning and administration at rival Pentax. De Merlier, who declines to confirm the estimate, does point out that it would have cost Minolta more to bring out the Maxxum later in the year.

Most of the money has been invested in television sports, a good fit, says de Merlier, for the Maxxum's profile and tag ("Only the human eye focuses faster."). The audience for an expensive amateur camera is the active male, and Minolta plays up the Maxxum in sports magazines such as *Tennis* and *Sports Illustrated*. Because sales of the model have exceeded expectations, says de Merlier, Minolta is funneling the money back into advertising in a greater variety of media. Women, for example, buy more than half the range finder, or lens shutter, models with auto focus. De Merlier believes they'll find the Maxxum as appealing. To reach them, he prefers dual audience magazines such as *People*.

"At first, we used the 'Y-word' to describe the target," says de Merlier, coyly skirting the Yuppie label. He set his sights on a primarily male (75%), college-educated audience, between 25 and 34 years old, with a household income over $35,000. The earliest purchasers, however, have been older and more affluent than he intended, and almost all have been male. "These are the doctors and lawyers who drive around in their Porsches," he smiles, "and who must have the latest thing." He points out that these same consumers were the first VCR buyers. "As time goes by, the target audience will be what we originally set," notes de Merlier.

De Merlier hopes that the Maxxum will claim between 5% and 10% of the SLR market this year. Already, he says, he's achieved over 5%, or 110,000 units. Competitors believe de Merlier is being modest. One observer estimates Minolta's production capacity at 30,000 units per month, of which the U.S. market gets between 60% and 70%. That would mean annual sales here of about 230,000.

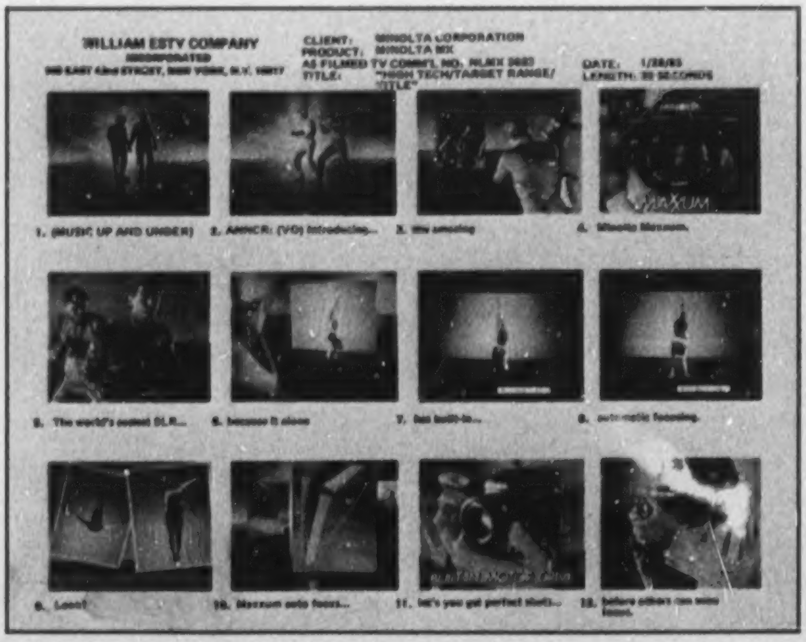
Canon's Widlicka believes those numbers are too high. Total SLR auto focus sales, he insists, do not exceed 10% of the segment. "It will take time to get consumer acceptance," he says. "That will happen — but let's not blow it out of proportion." Like Minolta, Canon has been marketing its fully automatic T-80 aggressively, but he isn't as convinced of the technology's instant acceptance. He points out that range finder sales are still going strong — 1985's projected three million, he says, is still far from the market's saturation point.

The introduction took place during the photo industry's quiet season, and was therefore noticed all the more.

"The Maxxum and T-80," says Widlicka, "are the bridges to the next generation." Canon's camera, like its auto/manual sister, the T-70, has a built-in "pictogram" that allows the user to choose different photo options (stop action vs. maximum depth of field, for example). The camera is positioned as a step up from the standard SLR's and as an easy-to-use, first-timer's camera. The company is spending an estimated $10 million to communicate this T-80 message through "a broad spectrum of media," including newspapers, magazines and television.

Pentax, third-ranked in the segment, seems to be taking a more cautious approach. The company has had auto focus on some models for five years, says Brown, "but they haven't been terribly successful until now." She adds, "There's evidence that hobbyists resist the kind of control" auto focus has over their picture-taking. Unlike Canon's Widlicka, Brown feels, "Our research indicates these cameras mainly reach the people who are in the market for an SLR. I don't think auto focus will spur overall growth in the segment." Last year, Pentax spent about $2 million on advertising — compared with the more than $25 million Canon invested.

De Merlier isn't worried by Canon's heavy spending. He believes the Maxxum presents Minolta with an opportunity to boost its share of the SLR market to the number-one slot. Share estimates vary, partly because the industry has a lot of trouble tracking the actual volume of grey market, or ille-



Television spots focus on the camera's speed and ease.

gally imported goods. But Minolta claims to have 20% of the SLR market, to Canon's 28%. Canon, on the other hand, claims a share in the "high 30's". In any case, Minolta is determined to overtake Canon, just as Canon overtook the industry with its popular AE-1 range finder. Single-lens reflex cameras have an advantage over range finders because they sight the subject directly through the lens.

Notes Keppler, "The AE-1 burst on the scene in 1976 — the first of the 'point and shoot' cameras, with auto winder, flash and auto exposure. Now Minolta's done them one better with a more expensive camera."

The admiration of the trade, however, isn't enough. "Minolta is spending more than ever before," says Canon's Widlicka, "and they're getting users." The nature of the Maxxum itself necessitates an all-out assault. Maxxum uses a different format from other Minolta cameras, a daring but risky move. The lens mount is unique, meaning that neither the six lenses offered at the introduction nor the seven brought out since will fit onto other Minolta bodies. The company decided that such a break in the line was essential to position the Maxxum as their most futuristic product, possibly at the beginning of a new line. "Changing a lens mount," says de Merlier with a grimace, "is far worse than changing a wife." But, he explains, it helps emphasize the importance of the camera body itself, which contains the microprocessors that regulate the auto features.

The average Maxxum sale is over $700 — a body with two or three lenses — compared to a more common range of $300 to $400.

35mm camera shipments (U.S.) (in 000's)

	lens shutter or range finder	single-lens reflex
1984*	2,900	2,600
1983	2,400	2,300
1982	1,300	2,500
1981	600	2,600
1980	500	2,400
1979	400	2,200
1978	400	1,900
1977	310	1,250
1976	195	785
1975	176	528

*(est.)

Source: The Wolfman Report, 1984-1985

The decision has already started paying off. The average Maxxum sale is over $700 — a body with two or three lenses — compared to a more traditional range between $300 and $400. "Most people," explains Keppler, "buy a body and flash, then come back after several months for a lens." Peter Enderline, an analyst with Smith Barney, points out that lens sales have been low for SLR cameras. "That's the rationale other Japanese manufacturers have given for not coming out with more lenses." Rather than being a turn-off, he adds, the all new lenses "would revitalize the SLR segment."

Photo dealers love the Maxxum, and not only for the higher average sale. Ever since the mass merchandisers got into selling cameras, the specialized retailers have watched their profit margins erode to almost nothing. Nowadays, the consumer buys a camera in a wide range of outlets: Camera stores still retain 41.2% of SLR sales, according to the Photographic Manufacturers Assn., but department stores claim 22%. The rest of the market is split between such varied outlets as catalog showrooms, mail-order houses, and even drug stores. The larger outlets such as K-mart or JC Penney tend to discount products heavily or even make a loss leader out of the camera department. The dealers, therefore, have gotten into the habit of heavy discounts to keep competitive. But there has been relatively little discounting of the Maxxum, at least so far. De Merlier says the average body price is $350, compared with $509 list, but he notes pointedly that the 30% markdown still means a selling price that is "10% to 15% more than the camera would normally sell for."

Observers credit Minolta's aggressive stance, coupled with heavy support for dealers, as effective in holding the line on discounts. The high-ticket cameras are not yet major carriers of the Maxxum, thus helping the camera stores maintain a healthy price level. Also, the camera does not have any direct competition, though the company's photo industry rivals have begun to push their own automatic features more aggressively. "I think the competition is making the decision now whether to go all the way (with a fully automated camera) or just dip their toes in," de Merlier says affably. In any case, he believes Minolta has about 18 months of lead time before Canon, Pentax, Olympus and Nikon introduce comparable cameras.

But the main reason dealers like the Maxxum is the defense against grey market goods built into the marketing plan. The photographic market is among the most susceptible to grey market imports, or illegally imported products that dealers sell far below even the discount price. De Merlier estimates that one-fourth of all cameras sold in the U.S. are grey-market; other estimates run as high as 30%. Minolta protects itself by marketing the camera as the 7000 in Europe and elsewhere, reserving the Maxxum name for the States. Other manufacturers have tried a similar strategy in the past, designating cameras with different model numbers in different markets, but the consumer doesn't perceive the difference. "And it's the *only* Minolta with a name," points out de Merlier.

Industry analysts believe Minolta is making the right moves to gain supremacy in cameras, currently 55% of the company's business. "Three important new products have been driving the company forward," says James Chung, a former analyst who is now director of financial relations with Fuji Film. Before the Maxxum, Minolta also had introduced the "Talkman," a range finder that literally tells the user what to do, and a sophisticated plain paper copier called "Zoom."

Not everyone agrees that the 35mm market needs a new SLR model. Ian Robinson, who heads Photographic Consultants Ltd., believes firmly that the market in the U.S. has leveled off. While the total demand for still cam-

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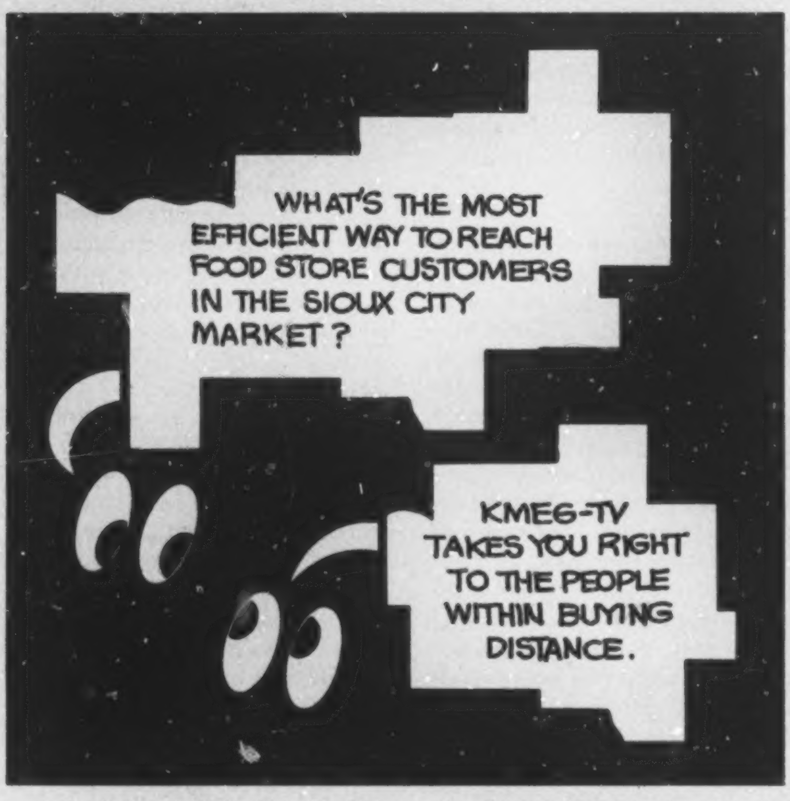
	Average	HR	RBIs	RS	On Base Avg.
Joe DiMaggio	.315	20	97	97	.387
Ted Williams	.343*	32*	114*	125*	.497*

* Led League

In truth, putting together an excellent media plan is like putting together a championship baseball team. You need an ideal blend of all the important factors. Since so few players have all the necessary tools (power, high average, fielding excellence, etc.) a general manager has to put together a patchwork quilt. He needs a blend of left-handed and right-handed hitters, a blend of home run and high average hitters, a blend of good fielders and good hitters, a blend of veterans and young players. The media planner also needs to put together a patchwork quilt that incorporates high coverage media with high composition media, that brings together highly efficient options with high impact options, and that blends the standard foundation with the creative execution.

When all the important factors come together on a baseball team, the result can be a World Series victory. When they come together on a media plan, the result can be a valuable addition to a marketing/advertising plan. Decisions in media and in baseball cannot be made solely on the basis of numbers, statistics or efficiency. They are just too misleading, and don't consider the important qualitative factors on which winners are built. When you have analyzed and digested every possible number, the real bottom line is: how the decision feels to you. And when you think numbers are the bottom line in baseball — or in media — just remember the comparison above of the 1947 baseball season.

Joe DiMaggio was voted the league's Most Valuable Player. ■


WHAT'S THE MOST EFFICIENT WAY TO REACH FOOD STORE CUSTOMERS IN THE SIOUX CITY MARKET?
KMEG-TV TAKES YOU RIGHT TO THE PEOPLE WITHIN BUYING DISTANCE.

Food store sales in the Sioux City ADI amount to more than $467 million.* And 65% of those dollars are spent in the 13-county Retail Trade Area. If that's where your stores are, that's where your customers are. So when you advertise, you need to reach people within buying distance, not viewing distance as outlined by the ADI.

KMEG-TV is tailor-made to deliver Sioux City's rich "market within the market" effectively with top-rated CBS programming. It gets your message to your market most efficiently because you don't have to pay for reaching distant viewers who aren't your customers.

Advertising on KMEG-TV could really beef up your sales. For more information, call your Harrington, Righter & Parsons representative today.

*S&MM © 1984 Retail Sales Estimates

A Fetzer Station

KMEG-TV
A CBS Affiliate
A MEGAWATT OF SALES POWER FOR SIOUX CITY
Harrington, Righter & Parsons National Representatives

NEWSPAPERS

By STEPHEN MARTIN

Senior vp, director of marketing services, The Martin Agency, Richmond, Va.

Message or medium?

Marshall McLuhan said, "The medium is the message." Although I've always thought there was truth in that statement, I've never bought it one hundred percent. Take newspapers. Is the public more likely to believe an advertising claim they see in a newspaper than the same claim when it appears on the small screen? There are people in our business who believe so, but my inclination is to add a big grain of salt to the hypothesis.

Not long ago I opened my local daily

Believability of Advertising in 5 Media

	Newspapers	Mags	Radio	TV	Direct Mail
Very unbelievable	1%	2%	1%	8%	12%
Unbelievable	13	21	17	36	41
Neither believable nor unbelievable	15	18	17	19	17
Believable	63	49	56	31	24
Very believable	5	3	3	3	1
Don't know	3	7	6	3	5
	100%	100%	100%	100%	100%
(Believable & very believable)	68%	52%	59%	34%	25%
Rank of medium	1	3	2	4	5

(Total no. of respondents: 1001)

Source: ORC Caravan Express

and saw an ad touting the credibility of advertising in newspapers vis a vis other media. In homage to its creators, I will say the ad was a good one in that it stopped me. The main visual was a newspaper ad showing a man eating a fictitious breakfast cereal. The copy of the ad within the ad was the man spouting claims about the product's good taste and nutritional value in a typical tv, slice-of-life way.

The ad was so well done, it not only caught my attention — I read every word. Apparently, 44% of the public would not believe the claims made in the cereal ad if it appeared on the boob tube, but the inference was that this would not be the case if the ad appeared in the newspaper. A study was quoted which said that for every person who believes a commercial on television, two will believe it in the newspaper. Even though I was reading this in the newspaper, something about it didn't ring true.

A week or so later this very report, which had been commissioned by the NAB, arrived on my desk. A note was attached from a colleague who wanted my reaction.

The study, which was conducted by Opinion Research Corporation, had been offered as evidence to support the claim that advertising in newspapers is significantly more credible than advertising on television and in other media. A key question asked in the nationwide survey required respondents to indicate how believable they considered the advertising in each of five media, using a five-point scale.

In all fairness, the text of the NAB study also said that three factors can influence the believability of an advertising message: 1) the source (i.e. the advertiser), 2) the medium in which it appears, and 3) the content of the message itself.

The data shown could well lead one to believe that the medium is the most important of the three. However, I have a hunch that content is the overriding factor. If so, it is not difficult to see why newspapers win the advertising "believability" contest when consumers are asked to rate the different media. Much of the advertising in newspapers is of the "price and item" variety. Who would doubt that they can actually buy an electric drill at K-mart for $9.99 when it says so in a newspaper ad? But taste and nutritional claims for a brand of cereal or the sex appeal you'll gain from using a certain brand of toothpaste are another matter entirely. The point is, the content of advertising on television is generally quite different than it is in newspapers.

It seems logical to me that advertisements should be judged individually as to whether the public will accept them as credible. The medium that delivers them may or may not make a difference. I say this because we have conducted literally hundreds of focus groups over the past few years to determine what benefits are best to communicate to prospects in advertising we create for products we serve. Over and over we have found that perfectly legitimate claims often will be dismissed as poppycock because they

This coupon entitles you to thousands of free consumers in Syracuse

Why? Because your ads reach so much extra spending power in Syracuse that it's like getting thousands of extra consumers free. For example, Syracusans spend twice the average amount per household on scotch,* 28% more than average on food.** And their median household income is $2,835 above average.** Let us show you why The Syracuse Newspapers are the best way to reach this profitable market. Send this coupon today.

*1983 Liquor Marketing Handbook
**1983 S & MM Survey of Buying Power

Syracuse. More than you bargain for.

CONSUMERS
FREE

Mail to Charles Vella, Syracuse Newspapers, Syracuse, NY 13221 or call 315-470-2089.

Name
Address
City
State Zip

MMD 9/84
Herald-Journal
Herald American
The Post-Standard

The Syracuse Newspapers
Represented Nationally by Newhouse Newspapers

simply do not ring true to potential customers. These rejected claims were presented by a trained psychologist, and I doubt that putting them in the newspaper or in any other medium would have made them more believable.

After a thorough review of the NAB study I can find no attempt to determine whether a particular message was judged to be more credible when it appeared in newspapers as opposed to other media. If this is in fact the case, and newspapers do lend credibility to a message, the NAB has a very important story to tell. As yet, however, I have not seen any data to support this contention. Perhaps the NAB should conduct such a study. ■

RESEARCH

By HELEN JOHNSTON

Vice president, assoc. media director,
Grey Advertising

In defense of sampling

With the possible exception of politics, I can't think of an occupation more vilified than that of media researcher — at least not a legal one. Someone is usually condemning media research data for something. The media (usually those with unattractive numbers) disparage audience measurements more readily than people complain about the weather. The buyers of media cheerfully join in, especially if research results contradict their "gut feel" or "judgment."

It seems to be the consensus that such research can at best be only a crude guide to the likely differences among media vehicles and at worst a spurious misrepresentation of "real life"; that it is to be believed only if it corroborates what is already thought to be true and discredited if it presents any surprises. Never mind that this means knowledge can't be expected.

Such cynicism is the more extraordinary when you consider that millions of dollars are spent to do this research and that the only reason it is done is to be able to spend billions of advertising dollars better.

I think that media analysts like me are in some part responsible for this irrational state of affairs. We argue over methodology so vehemently and publicly that we do much toward diminishing the confidence with which research can be regarded. And we are constantly cautioning against using parts of the data which are too small to be reliable. But discussions about ways to improve methods of collecting data and cautioning against misusing data do not imply that the data are no good.

I think it useful to set the record straight on some of the issues which cause so much confusion about media audience measurement.

Sampling, for one, is made far too mysterious.

The theory of sampling is generally accepted in everyday life. A sip of wine is all that is necessary to know if you should send the bottle back; one toe in the water tells you how cold it is. But somehow there is resistance to the idea that we can learn something about the population in general by asking a sample of people. It is quite possible with a well-designed sample. Sampling theory is very well grounded. There are only a few right ways to draw a sample and the sample can be rigorously controlled. Bad sampling is usually the result of either slovenliness or cost cutting. And a bad sample is pretty easily spotted by someone evaluating a piece of research.

How the sample is drawn is not usually a concern in major syndicated research. The problem is usually what happens to the sample in the field. Obviously, not all the people drawn for the sample will agree to cooperate. This can be a problem if the people who refuse to cooperate, or who cannot be contacted, are different from those who do cooperate. Therefore, every effort must be made to get as many people as were originally drawn in a sample to cooperate. Since force or threats can't be used, there are bound to be some holdouts.

The degree to which this is a problem will vary depending upon what is being measured. Do the people who refuse to cooperate in a media audience survey have different media habits from those who do cooperate?

It is possible to speculate, for instance, that those who refuse to cooperate in a survey of television viewing or magazine reading are those who have the least interest in those media. It might therefore be possible that the surveys are producing somewhat inflated numbers since they did not succeed in reaching people who do not use the media.

Since non-cooperators usually can't be reached to find out if this is true, it is best to insist that syndicated research expend every effort to keep non-response low.

It has become conventional wisdom that surveys are least successful in reaching the very rich and that therefore they are underestimating the number of very rich that are exposed to media.

This is a subject which causes vast confusion. It is not necessarily true that because a sample is not in line with the population distribution that the audience estimate will be equally out of line. If weights are applied to realign the sample, these distortions will not occur. In fact, for efficiency reasons, samples are often made to be deliberately out of line to beef up sample size in small but important population groups.

It is true that it is difficult to get the very wealthy to cooperate in surveys. In fact, it is about equally difficult to get the very poor. Both ends of the socially economic spectrum are underrepresented in most surveys of the population.

This lack of affluent subjects need not mean that this short changes media designed to reach the affluent. A large proportion of the rich people who fall into a sample do cooperate. The issue is whether or not the rich people who cooperate are representative of rich people who do not. It would seem improbable that by some extraordinary coincidence the audience to a medium would all be found in the non-cooperator group rather than the cooperator group and therefore the audience is underestimated. Yet many a media salesman with a small number will spend a great deal of time trying to persuade agency buyers that just such a coincidence did occur for this upscale vehicle.

Statistical reliability is another issue that gets bandied about. Quite simply, given a properly drawn sample, statistical reliability is a function of sample size. The larger the sample, the more reliable the estimate. If one is measuring something extremely small (i.e. a cable network or a specialized magazine), a very large sample is required to have statistical reliability. Reliability is a readily calculated number and not one over which great discussion could or should be held.

Issues about statistical reliability and nonresponse and representativeness of the sample are really quite straightforward and unarguable.

A more hazy area in media audience surveys is the questioning method used to arrive at the media audience — the instruments of measurement and the exact wording of the question.

In television we have different results coming from meters and diaries and telephone interviews. In print we have different questioning techniques yielding different audience estimates. We know more in television about which of the available methods is likely to be "right" than we do in print. It is harder to validate an audience estimate for print and therefore know which level is the "correct" one. It is unfortunately up to the users of the data to decide that. That decision should be based upon the evidence that is available to corroborate one method or another. Too frequently the decision becomes not "which estimate is more correct?" but "which estimate supports the case I want to make?" This unfortunate state of affairs is probably the reason why audience research is viewed with so much cynicism these days.

Audience research is far from perfect. It has the statistical problems of any survey and it has the further problem of asking people to report their media exposure — something which is difficult to remember accurately. This does not mean that it can be dismissed as completely erroneous.

Yet agency media analysts are besieged by requests to dismiss the research and make up audience estimates for vehicles whose audience data doesn't look as good as their competition because "the research must be wrong."

Occasionally adjustments should be made to research results. Sometimes (very rarely) it can be demonstrated that the sample design disadvantaged a vehicle. This is usually a geographic problem when it does occur. Or, a vehicle can have undergone enough changes since the survey was done to warrant assuming that the audience is different. These are the rare exceptions. Generally, the audience estimate produced by a survey with a large, properly drawn sample, is likely to be better than any guesstimate that might be made.

Both buyers and sellers of media would be better served if we all recognized the worth of media research data and respected it for what it is — a quantitative measure of media which permits buyers and sellers to gauge cost effectiveness. ■

CABLE

By BEVERLY O'MALLEY
Senior vice president,
Dancer Fitzgerald Sample

Cable buying power

"If the networks underdeliver the West Coast by 10%, we buy spot weight to bring the area up to par! Right?"

"Right."

"If any of those markets have high BDI's or above average sales, then we do more than just bring those markets up to par; we bring them up to potential with still *more* spot tv! Right?"

"Right."

"Now if I told you that in another 30% of the U.S. your network schedule was underdelivering by 10%, you'd be concerned."

"You bet."

"And if I told you that your sales potential in that area was well above the norm, you'd be looking hard at your media plan for a recommended heavy-up in those markets."

"Right."

"Then you've just sold yourself on using cable!"

"I guess I have."

Putting your money where your sales are is hardly a new concept. Nevertheless, even with cable approaching 50% penetration of all U.S. television households in the current planning year, or 30% penetration with only those homes that subscribe to a pay service as well, it continues to be a hard-sell to some advertisers. It shouldn't be, given the sales story that cable has to tell.

We've all been through the network-erosion rationale for using cable, as well as the latest viewing data on how advertiser-supported cable is enjoying the greatest gains these days, more even than the pay channels or the independent stations. Nearly all the cable networks are now on the Nielsen meters, and competitive pressures have kept cost-per-thousands 25%-50% below that of the broadcast networks. Despite all the evidence, nothing speaks louder than the buying power of the pay cable household.

- *Pay cable households harbor the most demographically upscale audiences available in television today,* and appear to be those same audiences watching less broadcast tv.

PAY CABLE INDEX

A18-34	116
18-49	120
Att/grad college	124
Employed prof/mgr	130
HHI $30+	143
HH Size 3+	120
Total U.S. HH	(100)

- *Product usage tends to be higher in pay cable households* for a large

Continued on page 156

Continued from page 150

number of product categories:

USERS OF:	PAY CABLE HH INDEX
Frozen orange juice	110
Pre-sweetened cereal	115
Vitamins	102
Chewing tobacco	112
Candy bars	112
Imported cars	130
Pantyhose over $3/pair	127
Pre-school toys	124
Anti-perspirant	110
Imported beer	114
Loans/bank credit cards	124
Domestic airline travel	119
Fast-food restaurants	114
Non-designer jeans	125
Yogurt	112
Videocassette recorders	139
Diet cola	117

Source: SMRB 1984

- *Product usage data is available by individual cable networks*, enabling advertisers to better reach pay cable viewers during their ad-supported basic cable viewing time! Though imperfect in methodology, the Simmons data seems directionally valid, if not downright predictable and amusing at times given what we know about the programing profiles of the different cable networks.

For instance, across a full range of twelve cable networks and superstations (WTBS, WOR, WGN, Nashville, Nickelodeon, MTV, CNN, Headline News, CBN, USA, Weather, and ESPN), virtually every single one of them indexes between 116 and 134 against adults who have loans or use bank credit cards. Further, they all range between 112 and 152 in having bought non-designer jeans in the past twelve months. So we learn that cable households tend to be in debt and have kids, especially those that watch Nickelodeon, MTV, and ESPN! Men who chew tobacco are virtually impossible to find except for the whopping concentration of users watching ESPN and WTBS. Chewing tobacco aside, the research says MTV viewers buy more of everything listed above (13%-71% more). USA and WGN shine in large-family product categories, CNN and Headline News take the prize in garnering vitamin-users with a 116-123 index.

As an erosion stop-gap, cable budgets will continue to hover at the current 5% of total TV budgets (as per a recent cable conference straw-vote tally). But as an opportunity to target additional impressions against heavy users of specific product categories, cable households should be a consideration in determining how much cable is appropriate in the media plan. ■

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MAGAZINES

By DONNA CAMPANELLA

Vice president, media director,
Cato Johnson/Y&R, New York

The art of getting "traded"

To some media people steeped in the ways of consumer magazines, buying trade/business publications may seem as glamorous as sparkling wine in wax containers. They've probably assigned this medium to their Third World of Advertising Vehicles — an imaginary land of blandness populated by matchbook covers, street corner leaflets and customized key rings.

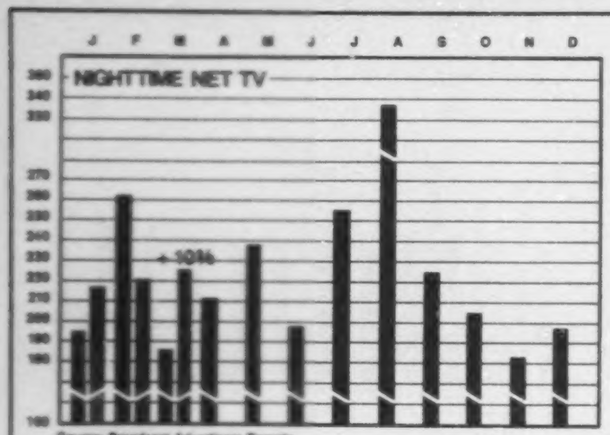
Trade books' lusterless image in some media decision-making circles is largely the by-product of unfamiliarity. That breeds misconceptions such as:

- Consumer magazine planning is the major league while trade/business magazine planning is the minor.
- Trade magazine research is an unmitigated nightmare, making it a pancreas-wrenching experience to compare titles.
- Account reps for trade magazines are second-rate salespeople who couldn't make the grade in the consumer field.

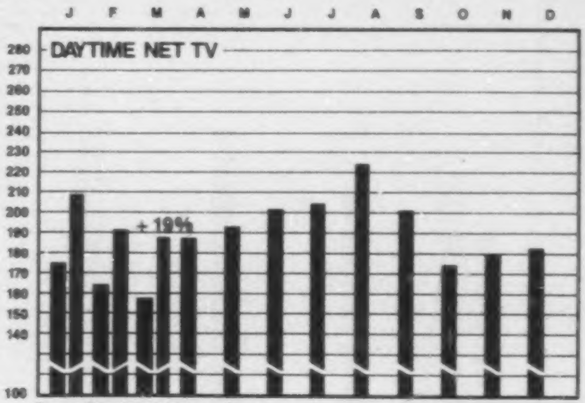
Continued on page 160

MEDIA COST INDEX

Black bars index for 1983; color bars 1984; base year 1977



Source: Broadcast Advertisers Reports



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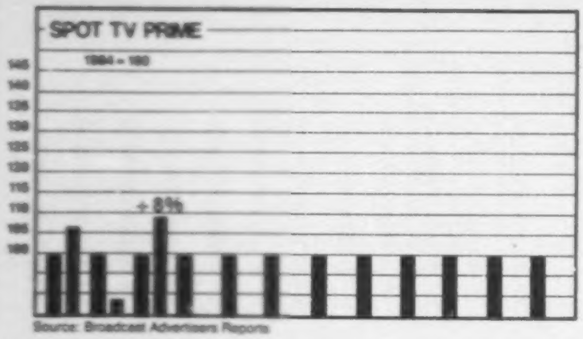

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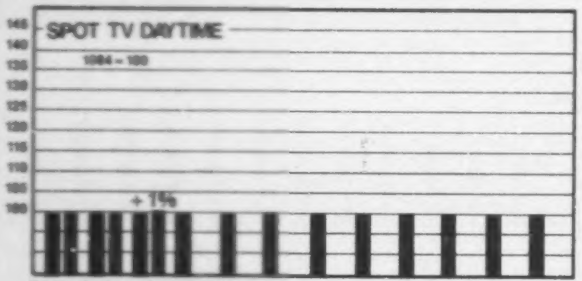

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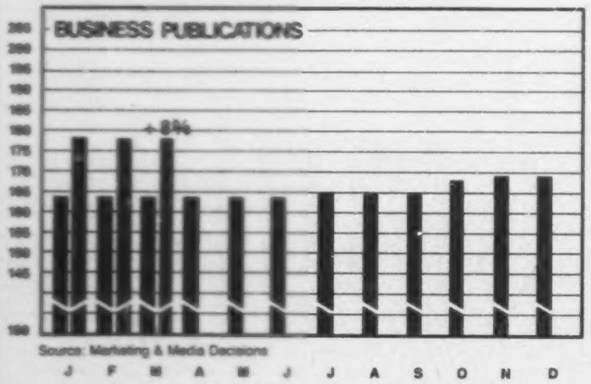


Source: Marketing & Media Decisions

This month's presentation of the Decisions' Cost Index sees the long-awaited return of a cost series for **spot television** — both **daytime** and **prime time.** The data are still compiled by Broadcast Advertisers Reports and reflect a much larger sample of stations designed to better represent the smaller stations.

Previously, the index was based on the year 1977. Since data are available on the new sample for only 1984 and 1985 to date, the base year is now 1984.

In **prime time,** spot tv changes from the same 1984 months were: January — +7%; February — −12%; March — +8%. The February decline reflects the lessened demand prompted by the 1984 Olympics, comparing rather closely with the −16% reported for network prime time in February.

Daytime spot tv held even with the same months in 1984. January and February showed no change; March showed a 1% increase.

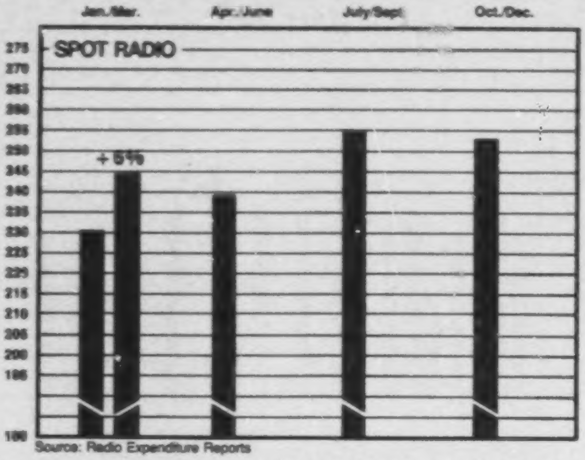
In the **network tv** area (discounting the correction to eliminate the Olympic demand) both daytime and prime time are running rather evenly month by month. In **daytime,** the March change was +19%, following changes of +19% (January) and +16% (February). **Prime time** in March was up 10%; the January change was +11%.

The print media reported as follows:

- **Outdoor** advertising continued at +7%.
- **Consumer magazines** repeated February's +8% in March; the January change was +9%.
- The **national Sunday magazines** showed a slight adjustment for March caused by a change in the number of newspapers carrying the magazines. The March-over-March change +11%, following consecutive 10% increases in January and February.
- **Business magazines** continue to show an 8% increase.
- March data for **newspapers** were not available at presstime.

MEDIA COST INDEX (continued)

Black bars index for 1983; color bars 1984; base year 1977



Source: Radio Expenditure Reports

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

Sources:

Nighttime Network TV—Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV—Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio—Cost per average 30-second radio announcement from BAR's Network Radio Service.

Spot TV—prime and daytime—Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in 40 national supplements.

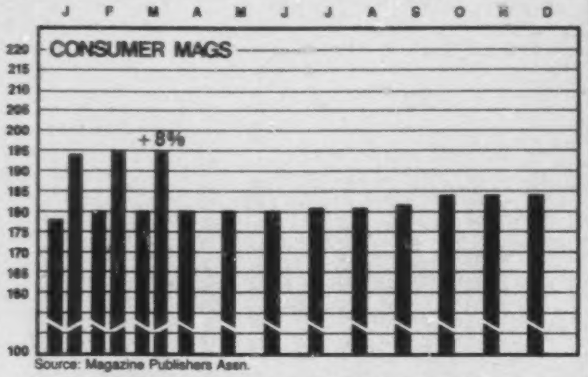
Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

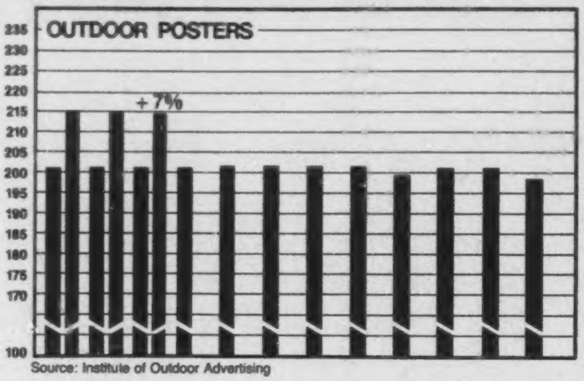
Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

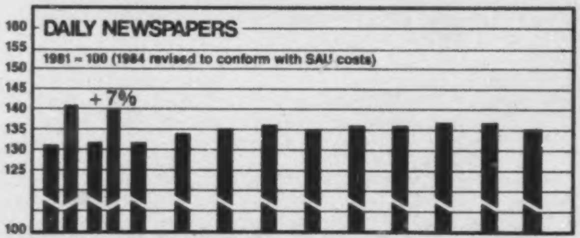
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.



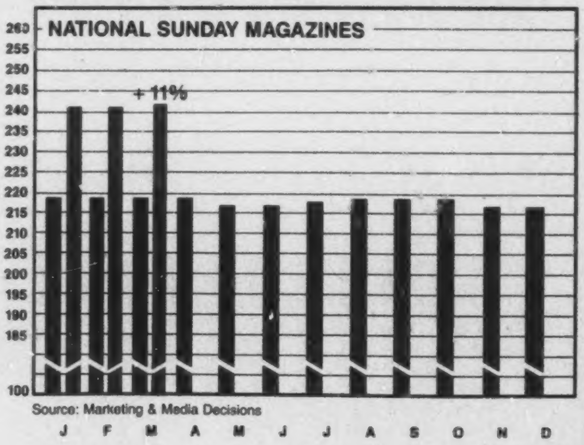
Source: Magazine Publishers Assn.



Source: Institute of Outdoor Advertising



Source: Newspaper Advertising Bureau



Source: Marketing & Media Decisions

believe 7Up is a distinctive drink. "When you talk to consumers about the brand, and you ask them to explain it, they say, '7Up is 7Up, it's unique, it's different, it has a taste all its own,' " he tells. "What we have are competitors trying to position themselves inside 7Up's frame of reference."

Meanwhile the juice-added segment that Slice — made with lemon, lime, pear and white grape juices — is helping to create has the potential to stage a miniature version of the current lemon-lime fight. Already, Coca-Cola is seeking to dwarf Slice's impact with its own fruit-based soft drink, extending equity in its Minute Maid brand by launching a 10% orange juice soda. It currently is in test market. (Pepsi intends to test a mandarin orange Slice.)

But Coke and Pepsi are unlikely to fight over this new category alone. Rumors abound that Sunkist too could enter the fray. And Seven-Up, with a strong 52% share of lemon-lime soft drink sales, is also investigating the possibility of flavor line extensions, according to Schmed. Even sparkling water Perrier has jumped into the fruit juice arena by adding twists of lemon, lime, and orange.

Buoyed by the new entries, "juice-added drinks could be 5% to 6% of the market without too much trouble," predicts analyst Goldman. It almost seems an understatement.

However, brand proliferation — with the arrival of decaffeinated drinks, diet sodas and now fruit sodas — could reach a disturbing point. Supermarket shelves have become so crowded that A&P soft drink buyer Pat Connelley and others complain of being forced to stock brands mainly on the basis of hard-to-resist trade offers. Increasingly, observers say the password to get shelf space centers not just on big trade deals — a combination of volume discounts, free cases for bulk buyers, and regularly scheduled price reductions — but on payment incentives to stores to display the brand. In the Southern California market, for instance, it is rumored that bottlers for Slice paid stores up to $1,000 to take on the brand.

"No one's ever seen a figure as high as that one," exclaims Roy Breneman, vice president of marketing for the Westinghouse Beverage Group, a large Seven-Up bottler on the West Coast. "You just have to stand by and watch. You take the $1,000 they paid to somewhere between 800 and 1,500 supermarkets in Southern California alone, and you realize it's a huge sum."

Some worry that heavy discounting could turn a brand loyalty battle into a full scale price war.

When asked about the possibility of payment incentives to stores for carrying Slice, Pepsi's Costello said he had no knowledge of such practices and declined to comment further on the issue.

Hefty price discounts have raised the level of anger in the already escalated feud between Sprite and 7Up. "What Coke and Pepsi will do is that they will sell their other brands at one price and then they'll sell Sprite and Slice at a lower price, in essence using leverage against the local Seven-Up bottler who might be doing the majority of his business on the 7Up brand," charges Seven-Up's Schmed. "Well, if he has to take his price down to meet Sprite or Slice, that's a substantially larger impact on his profit than it is for Coke, where Sprite might be 10% of his business," points out Schmed. "So they are using almost what you would call predatory kinds of retail pricing against us in selected markets across the country," says Schmed.

The major lemon-lime contenders

Market shares	
Sprite	**Seven-Up**
1984-3.8	1984-6.6
1983-3.1	1983-6.7
1982-3.2	1982-6.5

Millions of cases	
Sprite	**Seven-Up**
1984-261	1984-450.7
1983-200	1983-437.3
1982-197.5	1982-404.0

Source: John Maxwell/Furman, Selz, Mager, Dietz & Birney; Beverage Industry; Seven-Up figures for 7Up brand only

"It makes it tougher to compete when Coca-Cola can discount Sprite more than its other brands," confirms John Hartford, president of Joyce Beverages, a Seven-Up bottler based in New York. "For the last year and a half, Sprite has been driven by prices that are consistently lower than Seven-Up," Hartford complains.

But Coca-Cola's Zyman denies familiarity "with a strategy to put regular Coke, diet Coke and Tab at one price and Sprite at a second price. I mean if we had one, I would know about it, I can assure you," he emphasizes. Indeed, Zyman maintains that "price issues like displays and promotions were down for Sprite in 1984 versus 1983."

In retaliation, Zyman swipes at Seven-Up's own price promotion strategies. "Diet 7Up was almost giving the product away. You couldn't open up a magazine without there being a coupon for 25 cents or 50 cents off the next purchase," he charges. "By running the coupon on best food day and telling the trade, they got a secondary display in a lot of the stores."

While Seven-Up doesn't rule coupons out as part of its overall pricing, Schmed says that from his measurements Sprite has been featured by supermarket ads as a discounted item 60% more than 7Up. "That's not counting that it was also sold at a lower price," he adds.

The long-term consequences of vicious price wars, however, are sobering. Not only does a brand that relies on price value as its primary appeal have little hope for sustained vitality, but an industry that practices unrestrained price-cutting is bound to fall on its face. Sums up Seven-Up's Schmed: "We are turning this into a branded commodity business where we spend huge amounts of money in media advertising to theoretically establish trademark loyalty in the consumer's mind. Then we ourselves undermine that trademark loyalty by the prices we charge."

Rebecca Fannin

MINOLTA: *Continued from page 142.*

eras climbed from about 14 million units in 1982 to 17 million last year, the growth has been in non-SLR's such as range finders, which grew more than 50% in units in the past two years alone. "If you look back at the camera market over a 20-year period," he says, "you'll see that the effects of economic cycles and population growth have much more impact on the size of the market than either advertising expenditures or the amount of technology." What's happening instead, he notes, is that the film market is growing much faster — meaning there are more exposures per camera, rather than a growing number of photo buffs. Indeed, Americans took almost 12 billion pictures last year, spending $3.4 billion having them developed. This all but overwhelms the $500 million spent on range finder cameras.

None of this fazes de Merlier. In a sense, the roll-out, though national, is only half-completed, since the mass merchandisers, unable to stock as quickly as smaller retailers, are only now getting the product. "There's usually a three-to-six month lag," he notes. The "less influential demographics" that shop in mass outlets, he adds, will help bring the consumer closer to Minolta's original target. "We're not at all concerned that the Maxxum will penetrate the top of the market and stop there," states de Merlier. One reason is that first-half sales help set the stage for the fourth quarter, when about 30% of cameras are sold. Minolta also hopes to profit from the traditional rub-off effect a new product has on the rest of a company's line-up: The consumer may be enticed by Maxxum advertising and, finding the price perhaps too stiff, choose another Minolta product.

Among the considerations for the future: new models using Maxxum technology; more lenses; and different price points with more or less features.

Elsewhere, one nettlesome problem has been put to rest. No sooner had Minolta changed its logo in response to an AT&T complaint than Exxon filed a trademark infringement suit based on the Maxxum's interlocking *x*'s. "We've reached an agreed-upon solution," says de Merlier tersely. Maxxum's *x*'s are now side by side.

As for the future, "There are many ways for us to go from here," de Merlier suggests. He ticks off the possibilities: new models based on Maxxum technology; more lenses; or even different price points, with more or less features than the original. "We've got extensions in mind," he says with a mysterious smile, "but right now, the Maxxum's very successful. We don't want to crimp sales." Those sales may help Minolta pull off the only move they're sure they want to make — the move into the number-one position in the camera field.

Laura Konrad Jereski

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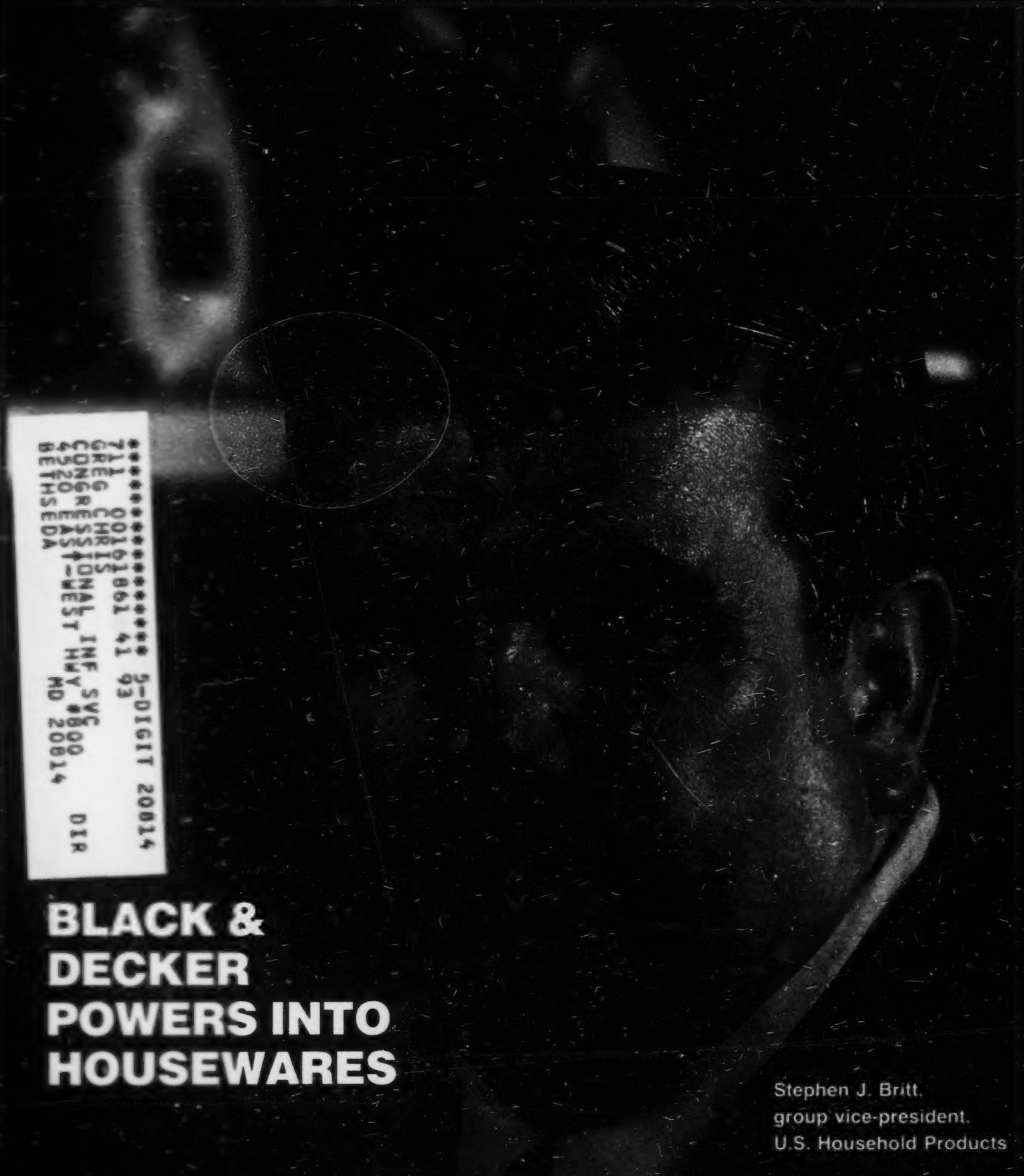

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BLACK & DECKER POWERS INTO HOUSEWARES

Stephen J. Britt,
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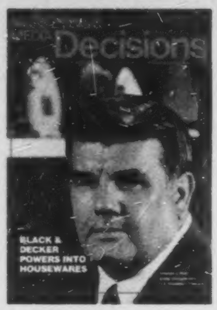
U.S. Household Products



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FOR HOME AND O

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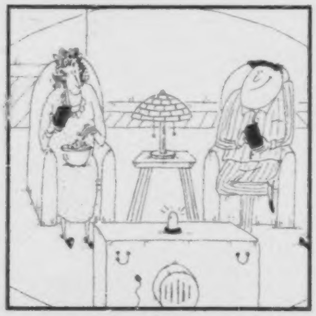

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FUTURES

Attitudes towards ads: Some change their minds

The public's attitudes towards advertising have not undergone any substantial changes in the past ten years, despite efforts by advertisers and agencies to make their ads more relevant and entertaining.

That's the bottom line on a survey conducted by telephone in January 1985 with 800 members of Mediamark Research, Inc.'s Wave 11 sample.

Ogilvy & Mather, in a recent issue of its *Listening Post* newsletter, compared the 1985 findings with those of a 1974 survey conducted by the American Association of Advertising Agencies, and they found that the same kudos and complaints apply now that were uncovered a decade ago.

The most significant difference between the two surveys was the percentage of respondents who felt that "advertising insults the intelligence of the average consumer." While 60% of the respondents agreed with this assessment in 1974, 72% agree today.

The suggestion is that today's consumers are more sophisticated and better educated than those in the past.

Other negative findings are that more people feel they tune out advertising when it is encountered (65% vs. 57%) and more feel ads make people want things they don't really need (84% vs. 78%), while less people feel ads present an honest picture of the products and services being pitched (30% vs. 41% in 1974).

On the up side, those efforts to put a little life into ads seem to be paying off on one front — 81% of those polled felt a lot of ads are funny or clever, compared to 72% in 1974.

Among the 800 sample were, by design, 150 VCR owners to measure the attitudes of these high tech fans towards advertising.

These "Electronic Innovators" are more positive in their overall appraisal of advertising than the sample at large, though the differences are marginal and the sample small.

Attitudes Toward Advertising 1974-1985

	1974 % Agree	1985 % Agree
Most ads don't tell facts, but just create a mood.	72%	73%
Most advertising insults the intelligence of the average consumer.	60	72
Products don't perform as well as the ads claim.	72	72
People really "tune out" ads and don't remember what they've seen or heard soon after.	57	65
Most advertising is in poor taste.	45	43
In general, advertisements present an honest picture of the products advertised.	41	30
There are too many commercials in a row on television.	87	92
The same ads are constantly shown again and again.	87	90

Source: Ogilvy & Mather Listening Post

. . . others change their habits

A closer look at these "Innovators" comes from the communications department at Florida State University which, with good cause, feels that key to advertising's future on tv is resting in this group's hands.

The department's Technographics Research Project derives its finding from a survey of 400 VCR users, randomly sampled, polled in May 1985.

By the department's projections, one-third of all tv homes will have remote controlled sets and 60% will have VCR's by 1990. By the end of the decade, somewhere between 80% and 90% will have both technologies.

The research team found that 36% of those persons with remote control devices for their tv's regularly use them to avoid tv ads. But if tv ads in general are deemed to be entertaining, the urge to zap is greatly reduced. Of those who do not find commercials entertaining, 46% say they use their remote control to skip the pitches. Among those who are entertained by what they see, only 29% admit to the zapping habit.

Owners of VCR's are a tougher crowd to hold, but again show signs of responding to ads that they feel entertain. While 80% of those who take no pleasure in ads admit to the fast-forward fix, this figure drops to 65% among those who enjoy the messages.

Among those who delete the messages altogether (49% of VCR owners do it "regularly"), the habit is more common with those who find nothing to like in the spots themselves.

These findings are relative in terms of the subjects' attitudes towards commercials. A large segment of this group is still avoiding commercials, whether they like them or not.

For more information, contact Drs. Forrest or Sapolsky, the study's directors at (904) 644-5034.

NEW ELECTRONIC MEDIA

No soap, cable ...or VCR

Soap Opera Digest, the behind-the-scenes magazine that peeps into soap opera stars' lives on and off the set, is gearing up for high tech distribution through cable and home video. Mark Liu, president of the magazine, says several shows are in the works for possible cable network runs as ad-sponsored packages with cross merchandising and promotion tie-ins. "We're looking to expand the magazine's presence using advertiser sponsorship through a variety of media windows: cable, home video and syndication," claims Liu. The magazine's audited circulation through December 31, 1984, was 840,732.

To strategize for the expansion, Liu hired Video Marketing Group, the Connecticut-based marketing firm which is also steering RCA, Clairol, and Spector Productions, which manages recording artists, into the various distribution channels. Laura Reitman, head of VMG, comments, "The proliferation of new technologies has created a logical market identification in which special interest publications can participate. Home video can be perceived as a parallel business, one which can utilize a magazine's existing editorial and marketing resources in a new and profitable way."

Liu emphasizes the associate relationship between magazine and distribution outlet. "Cable, home video and syndication do not each function as separate entities," he says. "They interact as a package and benefit and support each other in a complementary manner with the magazine."

The VMG design for the magazine's maturation into the video distribution outlets involves merchandising identification, premium incentives, and retail support on a variety of levels. Liu predicts, "Home video and cable will add a greater degree of reader flexibility and expand our audience by bringing into the entire business mix routes to reach the marketplace overall."

Pay tv sees its growth slow down

Pay tv grew by only 10% last year, with a net gain of 2.9 million new subscriptions for a total of 31 million pay tv subs, according to Paul Kagan Associates' latest tally. This gain represents the smallest annual advance since 1979, as indicated in the chart. Kagan attributes this slowdown to a virtual halt in big city cable construction; signal theft and competition from new technologies; pay network program duplication, and cable operators' emphasis on selling basic cable. Pay tv last year reeled in $3.8 billion in revenue, an 11.3% gain over the $3.45 billion of 1983. Meanwhile, Kagan estimates that the total number of homes accessible to pay tv marketers, either through cable or another distribution method, rose 7.5% to 76.6 million by the end of 1984. That means 90% of the country's 85 million tv homes could have subscribed to pay services, but only 34% of those, 25.6 million, actually did take the option.

Year	Net New Pay TV Subs	% Gain
1984	2,911,000	+ 10%
1983	4,936,000	+ 21
1982	5,658,000	+ 32
1981	7,132,000	+ 69
1980	3,980,000	+ 62%
1979	2,829,000	+ 79
1978	1,847,000	+107
1977	712,000	+ 70
1976	552,000	+ 54
1975	329,000	+236%

Source: Paul Kagan Associates

Advertisers for a better world?

Ted Turner has donated $500,000 to help establish a new D.C.-based, nonprofit organization, Better World Society, dedicated to producing global television programing on the issues of nuclear war, world population, and the environment. As chairman of BWS, Turner will be joined on the board of directors by Dr. Russell Peterson, president emeritus of the National Audubon Society, and Dr. Julia J. Henderson, former secretary-general of the International Planned Parenthood Federation. Other board members include Lester Brown, president of the Worldwatch Institute; Jean Michel Cousteau; Dr. Rodrigo Carazo, former president of Costa Rica, and Yaushi Alashi, under-secretary for public information at the United Nations. The Society will acquire, commission, produce and distribute tv programs addressing global issues, to, as its founding statement reads, "create a global constituency for sane, viable alternatives to the arms race, unlimited population growth, depletion of natural resources, and degradation of the environment." BWS will be looking into fictionalized as well as documentary programs that address these subjects.

In seeking a diverse funding base, BWS is approaching corporations, underwriting firms and international agencies, as well as encouraging individual support. What of the role of advertisers in such a worthy cause? "Advertisers are more willing to buy spots during a mass slaughter on *Dynasty* than back shows that present the reality of suffering," asserts Turner.

Big plans for media planning

Although media has historically taken a back seat to creative, the current complex and changing media environment is beginning to elevate media from its second-class status, according to Vitt Media International, which recently canvassed the client community on a variety of ad-related topics.

Three-fourths of the ad executives polled expressed the view that media planning had become more important in recent years and is now a critical concern. Yet despite this new emphasis on media, only 17% of the executives surveyed said that the top management of their organizations participated in making media decisions. Almost twice as many (32%) said that their top management rarely, if at all, participated in media-related decisions.

Nine of every ten advertisers are finding it difficult to compete for advertising effectiveness. The biggest problem they cite is cost.

Beyond media costs, the executives cited escalating creative costs (54%); zapping of tv commercials (40%); shrinking network tv audiences (35%), and viewer defection to cable tv (30%) as serious concerns.

Some 73% agreed that the present research available on consumer attitudes, demographics and behavior is adequate [illegible] from perfect and not comp[illegible] order to increase the effectiveness [illegible] advertising, the executives said they need research that examines the effects of advertising on actual consumer purchase behavior.

Of the executives who anticipated a greater personal involvement in their company's media planning (29%), almost half said they were only reasonably well satisfied with the media buyers working on their accounts. Twenty-seven percent said they were dissatisfied.

Of further note, 4% of the advertisers anticipate changing ad agencies; 14% did so last year. Some 57% said large or global ad agencies were best equipped to handle their accounts (78% of these respondents represented big budget advertisers). In addition, 53% said a change in the advertising's function was forthcoming in 1985.

The Vitt Media survey is based on a canvas of 101 senior-level advertising executives from product and service advertisers across the country.

Current Critical Concerns to Advertisers

	Average Score*
Effectiveness of creative	8.70
Effectiveness of the media plan	8.34
Availability of truly insightful market research	8.05
Overall clutter	8.00
Availability of top agency talent for creative	7.75
Problems in negotiating advantageous media rates	7.60
Availability of top agency people for media planning and buying	7.50
Cost control for production of commercials	7.47
Compensation; the 15% commission structure	6.66
Government restrictions (Base—101)	4.57

*Scores are based on ratings from 10 ("a critical concern") to 1 ("not important at all"). Thus the higher the score, the more advertisers are concerned about the issue.

Source: Vitt Media International

Globally, image is all

Marketers feel a global corporate image strategy can be more effective than a global brand strategy, according to a recent survey of 120 senior executives from a variety of companies.

The poll was commissioned by the New York-based design and marketing firm of Peterson Blyth Cato and the California-based research group of Cheskin & Masten.

In general, the survey showed that 36% of the executives feel it is more important today for their company's identity to be recognized around the world. However, only 9% of them are pursuing a global marketing strategy for most of their products.

The survey on global brands revealed a consensus among the executives that product marketing strategy should be considered on a country-by-country or region-by-region basis.

Few executives totally accept or reject the global concept. Although only 5% of the respondents believe the era of the "multinational corporation" will be replaced by the age of the "global corporation," 31% feel that global marketing will prove more profitable than multinational marketing for most product categories. Only 6% feel global marketing is not a viable technique for any product category.

Overall, the executives agree consumer tastes are becoming more similar worldwide, and that global marketing in the consumer sector might become increasingly effective.

UPDATE

Coca-Cola's busy

With bottlers and the public complaining that they miss the "real" Coke and don't like the reformulated version, the Coca-Cola Co. has bowed to popular demand (See *Which Coke is It?*, M&MD, June 1985). Admitting it had misjudged consumer's loyalty to the original, the company reissued it under the name Coca-Cola Classic. All eyes are now on the company — which still intends to market the new Coke — to see how it handles a potentially confusing situation for bottlers, consumers, stores and the exploitation of its travails by competitors.

On another front, the company has moved to acquire Embassy Communications and Tandem Communications for $485 million. With the deal, Coca-Cola, parent of Columbia Pictures Industries (See *Coke means clout for Columbia Pictures*, M&MD, August 1984) will be acquiring a library of tv programing, including several current network series.

Lowenbrau lands at JWT

J. Walter Thompson, Chicago, won the race for Miller Brewing's super premium Lowenbrau brand. (See *The flag, apple pie . . . and High Life*, M&MD, May 1985, pg. 60.) In May, Miller called for an agency review on the brand which was handled by Backer & Spielvogel. Lowenbrau is the second-biggest selling super premium, trailing Anheuser-Busch's Michelob. Overall, the super premium category has been declining because of the strength of the imports, and hence the agency review for Miller's Lowenbrau.

In late June four agencies made presentations on Lowenbrau — the incumbent, Backer & Spielvogel; J. Walter Thompson (Chicago); Chiat/Day (New York) and Saatchi & Saatchi Compton.

Indies gain

The Association of Independent Television Stations (INTV) reports that the top 25 advertisers placed 52% of their spot tv billings during first quarter 1985 in the independents.

In addition, INTV notes that spending by the top 25 in independent tv rose 15% for the quarter. The findings are based on a 15-market tabulation provided by Broadcast Advertisers Reports. As it did last year (See *Outlook remains bullish for independent tv*, M&MD, September 1984, pg. 62), Procter & Gamble leads the pack, spending $46 million, or 64% of its spot tv dollars, on independent stations. See chart.

TOP 25 SPOT TV ADVERTISERS:
Independent Station Usage January-March, 1985

COMPANY	TOTAL SPOT TV ($000)	INDEPENDENT SHARE OF SPOT TV DOLLARS (%)
1. Procter & Gamble	46,058	64
2. General Mills	18,800	85
3. Pepsico	17,183	35
4. Nestle S.A.	16,217	30
5. Toyota Motor Sales	15,325	50
6. Lever Bros.	13,881	47
7. Nissan Motor Co.	13,443	26
8. General Foods	12,474	66
9. Beatrice Cos.	12,175	30
10. Coca-Cola	11,910	47
11. Warner-Lambert	11,843	83
12. Mars, Inc.	11,510	81
13. Dart & Kraft	11,127	35
14. Anheuser-Busch	10,877	68
15. MCI Communications	10,803	33
16. Ralston Purina	10,457	44
17. Chrysler Corp.	10,025	37
18. Ford Motor Co.	9,891	26
19. Kellogg Co.	9,671	56
20. A.H. Robins	9,524	57
21. General Motors	9,519	37
22. Adolph Coors	8,391	51
23. Campbell Soup Co.	8,073	32
24. Nabisco Brands	7,397	68
25. Time, Inc.	7,156	64
Top 25	**$323,730**	**52%**

Source: BAR, January-March, 1985: Barcume for Total Spot TV Expenditures; BAR 15-Market Tabulation for Independent Shares

From fan loyalty to brand loyalty

Regional cable sports networks offer a way for advertisers to reclaim the avid sports fan who might otherwise have been priced out of their league.

Today you can view more home runs, touchdowns, and slam dunks on broadcast tv than ever before, but chances are you will be watching each event with fewer and fewer fans. Yet despite the ratings slump sports programing seems to be mired in, pricey rights' fees to major sporting events offer broadcast networks little choice but to pass those costs on to advertisers. The result: Super Bowl rates of at least $500,000 per :30 spot. Naturally, advertisers and agencies are looking for a way out from what they see as a no-win game.

At the heart of the declining broadcast viewership numbers is the variety of options open to the sports fan, particularly those offered by such cable networks as ESPN, USA and the superstations. Adding to this development is the perception by some that sports may have gotten too big for its own good. J. Walter Thompson, in an analysis of sports programing and its audience, finds team expansion and exposure have reduced overall interest while exorbitant salaries and reported drug use by athletes have further alienated fans. As another report on the subject by BBDO concludes, "To those in an advertising agency, sports (which generated $565 million in 1983 for 1,400 hours of ABC, NBC and CBS programing) is no longer a safe bet."

Regional Sports Networks
Home Base/Pro Teams

Service	Home base	Some of the Pro Teams
Arizona SPN	Phoenix	Phoenix Suns, San Francisco Giants, San Diego Padres
Home Sports Entertainment	Houston-Dallas	Houston Astros and Rockets, Texas Rangers, Dallas Mavericks
Home Team Sports	Washington	Washington Bullets and Capitals, Baltimore Orioles, Baltimore Blasts
MSG Network	New York	New York Rangers and Knicks and New Jersey Devils
NE Sports Network	Boston	Boston Red Sox and Bruins
PRISM	Philadelphia	Philadelphia Phillies, Flyers and 76ers
Pro-AM Sports System	Detroit	Detroit Tigers and Pistons
Sabers Productions	Buffalo	Buffalo Sabers
San Diego Cable Sports Network	San Diego	San Diego Padres
Spectrum Sports	Minneapolis	Minnesota Twins and North Stars
Sports Channel Inc.	San Antonio, Texas	San Antonio Spurs
SportsChannel New England	Boston	Boston Celtics and Hartford (Conn.) Whalers
SportsChannel	New York	New York Yankees, Mets and Islanders and New Jersey Nets
SportsVision	Chicago	Chicago White Sox, Blackhawks, Sting, Chicago Bulls
Superchannel	Seattle	Seattle Supersonics

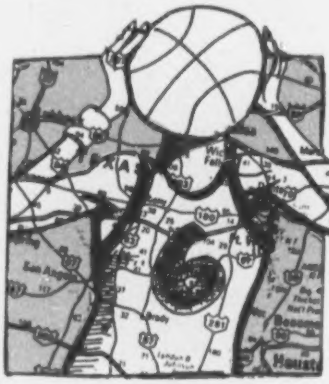
Source: QV Publishing

But the fact remains that while viewers may be restless, they still are a loyal bunch, particularly toward their home teams. While advertisers wait for more realistic rights fees which will pare down ad costs, they are turning to regional cable nets which offer local sports event coverage at reasonable prices.

Regional sports nets are taking advantage of 'broadcast sports' woes by pitching heavily to high rollers in the ad arena whose loyalty to broadcast sports is faltering. What these regional nets are claiming is a clutter-free, upper-demographic vehicle which has the added allure of offering product identification with local home teams.

While football remains the prime and pricey domain of broadcast tv, regional nets offer extensive coverage of baseball, hockey, pro and college basketball, college football, soccer and even lacrosse in limited geographic parameters.

This diversity is giving regional nets the ticket to attract national advertisers. "The advertising atmosphere is highly beneficial," says Larry Novenstern, network programing manager of BBDO. "You've got a limited number of commercial announcements compared to over-the-air. Therefore, it's a clutter free environment which gives advertisers more spot isolation." Pay events usually run a maximum of 36 spots during a three-hour game, and those are taken only during natural time-out breaks. "And you've got the true sports fan who is often paying considerable cable subscription fees, so you've got an interested, choice audience," continues Novenstern, whose client Stroh Brewery has sponsorships on several regional sports nets. "Teams with which Stroh is associated are quality franchises complementary to Stroh's image," he adds.



Dave Martin, executive vice president of media services and director of corporate media for Stroh's, supports Novenstern's bullish stance. "If you've got someone who is willing to go the extra mile to have a pay sports service, you are getting that consumer who is reaffirming his position with hard cash. You get a high interest level, though at much smaller numbers. We pay a hell of a lot considering it's cable. But we are betting on the 'come' that these kinds of services will grow and that we will be grandfathered with the relationships."

Martin also points out, "If we had tried to buy the Detroit Tigers in Detroit, it would have cost us $4 million on broadcast, even if we could have gotten in the door, because Miller was already there on a renewal basis. On PASS (Pro-Am Sports, which carries live action of the Tigers and the Pistons), we were able to get the team plus other regional sports for a lot less, and we have a premium position." Such deals can also include a long list of perks like season tickets, extensive merchandising and promotional tie-ins, and product category exclusivity.

Regional nets' hard drive into advertising to bolster their subscriber fee revenues is part and parcel of their "evolution," says cable analyst Dantia Quirk, president of QV Publishing, which tracks trends in the cable industry. "During their early years, regional nets spend more time and effort acquiring programing, that is, signing as many professional teams as possible to build a schedule that system operators will buy," she explains. "Once they've laid this groundwork, the networks can sit down and think about selling advertising. Advertising is still a major untapped source of revenue for the sports networks," she claims. Indeed, ad dollars comprise 20% of the services' overall revenue. "But as subscriber levels increase, ad buys will become more attractive and consequently that source will become a more critical part of the revenue mix," she contends.

Based on the ad community's increasing receptivity to regional net offerings, Paul Kagan Associates estimates that the 13 pay and basic sports networks could generate $25 million this year, up from $14.2 million from 15 networks last year.

Regional sports networks are, by a most basic definition, paid-for sports services (only Madison Square Garden Network is on a basic tier) which are limited to a cable system or group of cable systems serving a particular state or geographic area. The cable subscriber pays between $9-$10 a month to watch live home team events, ranging

Sports Advertising Sales at ABC, CBS, NBC, 1979-1984

Year	Total $(000)	ABC (000)	CBS (000)	NBC (000)
1984	$1,465,659.1	$830,469.9	$336,959.7	$298,238.5
1983	$ 975,861.7	$338,343.2	$328,762.4	$308,756.5
1982	$ 662,900.8	$225,608.3	$232,701.4	$204,593.1
1981	$ 604,673.1	$235,200.9	$165,817.1	$203,655.1
1980	$ 542,958.8	$248,414.3	$124,668.4	$169,876.1
1979	$ 491,159.5	$208,955.5	$139,155.1	$143,048.9

Source: Broadcast Advertisers Reports.

Geographical Overview of Regional Sports Services

Area	Service	Ownership	Coverage	No. of Subscribers	Top 20 ADI Markets Represented
New England	SportsChannel N.E. (pay cable)	Washington Post/CBS/ Rainbow	MA, RI, NH, CT, upstate NY, ME (York County)	83,434 (11/84) 96-97,000 projected year-end	Boston (#6)
New England	NESN (pay cable)	Storer/Boston Red Sox/ Boston Bruins	six-state New England region	21,385	Boston (#6)
New York Metro	Madison Square Garden Network (basic cable)	Gulf + Western	offered as basic service in 75-mile radius of NY	1.8 million	New York (#1)
New York Metro	SportsChannel N.Y. (pay cable)	Washington Post/CBS/ Rainbow	New York Metro	398,000	New York (#1)
PA/NJ/DE	PRISM (pay cable)	Washington Post/CBS/ Rainbow	Eastern/central PA, Southern NJ, No. Delaware	375,000	Phila. (#4)
Capital	Home Team Sports (pay cable)	Group W Satellite Communications	MD, VA, DE and parts of PA, WVA and NC	50,000	Washington, DC (#8) Baltimore (#20)
Mid-America	Sports Time *(shut down 3/31/85)*	Anheuser-Busch, Multimedia, TCI	Northern CO, NB, KS, OK, IA, MO, AR, IL (minus Chicago), IN, Southern OH, KY, TN	35,000 pay 900,000 basic	St. Louis (#18) Denver (#19)
Texas	Home Sports Entertainment (pay cable)	Houston Sports Assn. purchased HSE from Warner Amex in 1/85	TX, OK, LA, AR, NM	107,000	Dallas (#10) Houston (#11)
Texas	Sportschannel San Antonio (pay cable on one system)	Spurs Professional Basketball Club	San Antonio/Rogers system	12,000	0 (San Antonio is #45)
Arizona	Arizona Sports Programming Net. (pay cable on one system)	Times Mirror owns American Cable TV in Phoenix; ASPN is a service of ACT	ACT system/Phoenix	23,000	0 (Phoenix is #25)
San Diego	San Diego Cable Sports Network (pay-per-view)	Network grew out of 1984 Cox/Padres pay-per-view agreement	San Diego cable systems	PPV network averaged 7,000/game in 1984	0 (San Diego is #26)
Los Angeles	ON-TV (STV)	SelecTV (Clarion)	L.A. ADI	170,000	#2 (L.A.)
Los Angeles	DodgerVision (pay-per-view, pay cable, STV)	Agreement between Metromedia & Dodgers to show 20 games on pay TV	L.A. & other Dodgers markets	Launched 4/85	#2 (L.A.)
Los Angeles	Box Seat (S.C.A pay cable)	Daniels/Washington Post/ Rainbow/CBS	So. California	Launched spring 1985	#2 (L.A.)
Washington	Superchannel (pay cable)	Group W Satellite Communications	Washington	23,000	#16 (Seattle)
Minnesota	Spectrum (pay cable/STV)	Minn. Pay TV (50%)/ Twins & No. Stars (50%)	70-mile radius of Twin Cities	12,500	#14 (Minn./St. Paul)
Illinois	SportsVision (pay cable)	Rainbow/CBS/ Washington Post	Illinois	56,000	#3 (Chicago)
Michigan	PASS (pay cable)	Fetzer Communications	Michigan, Northern OH	30,000	#7 (Detroit)
New York State	Sabres Productions (basic cable)	Buffalo Sabres	Buffalo area cable systems	450,000	0 (Buffalo is #32)

Source: QV Publishing Inc., Economics of Regional Sports Networks, May 1984

from pro sports to college basketball, horse shows, and lacrosse. With the recent failures of *Sports Time* and *Sports Vue*, which, in addition to management problems, may have overextended their geographic reach, regional sports nets have learned that the key to their success is regionalism. "With the exception of big events, most sports don't travel well," says analyst Quirk. "Most people want to watch the sports that are being played by the teams in their market. Therefore, regional networks arose to service the needs of a finite group whose common denominator may only be the place in which they live. That can work tremendously

Continued on page 83

Influencing the influentials

Communicating with the movers and shakers via issue advertising once promised to be as effective a corporate communications tool as the power lunch. On the surface, the promise hasn't panned out — or has it? Some companies feel it has.

David Gergen, former director of communications for the Reagan White House, screws up his face when asked if he reads issue ads placed by such giants as Mobil, United Technologies and W.R. Grace. "You mean those 'Dear Mr. President' ads?" he asks incredulously. "Does anyone?"

Apparently very few, if you're willing to believe what the Washington influentials say on the subject. Which leads to the obvious question: Why do they continue to run these messages?

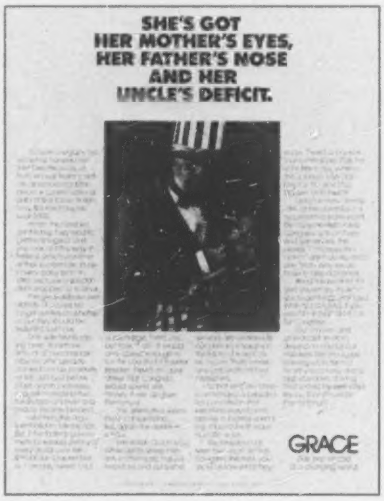
The Business Roundtable, for one, will tell you that, though there may be a question of whether the folks on the Hill read the ads, there's little doubt about the public at large.

The Roundtable ran a four-page advertisement in the May 1985 issue of *Reader's Digest*, entitled "Halt the Deficit," that included a tear-off response card. To date, *Reader's Digest* has received over 900,000 responses which the magazine is processing and forwarding to representatives and Reagan Administration decision makers.

But along with such public interest in the campaigns, some companies feel issue ads have rub-off that goes beyond the issues that they address.

Donald Rotunda, manager of editorial services for United Technologies, defends his issue ad spending as part of his company's overall image campaign. An op-ed schedule that includes four major Connecticut dailies (their home state), *The New York Times*, *The Economist*, *Atlantic* and *Harper's* magazines, and the Washington, D.C., weekly *National Journal*, achieves two main goals, notes Rotunda. First, it lends the companies name to the "Great Debate" of current affairs. And, second, it functions as a small, but vital part of the company's overall corporate identity campaign.

Identity is what corporate advertising is all about. Corporate advertising consultant Tom Garbett conducted surveys of Fortune 500 CEO's in 1980 and 1981 and found that "well under 5%" of total corporate advertising budgets went into issue-oriented ads — and those were the good years.


SHE'S GOT
HER MOTHER'S EYES,
HER FATHER'S NOSE
AND HER
UNCLE'S DEFICIT.

GRACE

W.R. Grace takes on the deficit.

The vast majority of corporate ad dollars go into ads with more pragmatic goals. Polishing an image is a favorite rationale. Conglomerates pull all their divisions together with such ads in order to boost public awareness, respect and employee morale. Market prep ads, a phrase coined by IBM, seek to keep a company's name top-of-mind to hopefully influence buying decisions down the road, while financial ads are designed to enhance a company's image in the dollars-and-cents world of Wall Street.

Oddly enough, however, though advocacy advertising represents the smallest segment of the corporate ad category and is the most removed from a company's immediate business goals, it also is the only type of advertising that can achieve all these goals.

W.R. Grace, currently involved in an issue advertising campaign focused on the growing U.S. deficit, feels this is true of its modestly-budgeted effort ($2.1 million for 1985, according to corporate advertising director Steve Elliott) to sway public opinion.

Grace is using a mixture of tv and print to urge action on the deficit from Capitol Hill while simultaneously seeking to enlist the public in its cause. Elliott explains that the tv spot last fall, which featured a beautiful baby reduced to a teary wail when presented with a bill from the government for his share of the deficit, was meant to "emotionalize the issue" and lead viewers to look into the subject. As a side note, Elliott points out that the controversial spot popped up far more frequently as a feature on news shows than in paid commercial spots.

Print ads in newspapers and such magazines as the *National Journal* provided a more detailed analysis of the subject and offered a free booklet to further educate the public at large. Newspapers, Elliott feels, are the medium of choice for such campaigns, "particularly when you're dealing with a complex issue like the capital gains tax or the current budget battle."

When Grace conducted an issue campaign in the late 1970's on capital gains, they used the *Washington Post* and *The Wall Street Journal* for their initial five-week run, which spoke directly to the President and Congress. These ads were later placed in major market newspapers to attract broader attention and provoke people to write to their representatives. Despite assertions by some that such efforts go unread, Grace received a great deal of feedback from this campaign. And Elliott feels the positive rub-off in the business and financial communities was worth every penny they spent.

The deficit question is another matter. Some, perhaps cynically, feel Grace isn't so much addressing an issue as posturing against a very complex problem for their own, self-serving ends. "We don't need Grace to tell us we should balance the budget," huffs one veteran of the Hill. But the public remains upbeat in its reaction to Grace's efforts.

Advocacy ads, though a small segment of corporate advertising, have the potential to address all of the average campaign's goals.

Grace continued the campaign with ads last spring in *The Wall Street Journal, Washington Post, USA Today, The New York Times* and *Barron's*. The copy read, "If the deficit goes down, here's who to thank. If it goes up, here's who to replace." Following this head was a complete list of members of the current Congress.

While the mail bags of such companies as Grace and United Technologies might suggest otherwise, research confirms that advocacy ads are low on the influence scale in terms of corporate advertising, at least as far as Wall Street is concerned.

Early in 1984, *Barron's* mailed 5,382 questionnaires to institutional and individual investors, brokers, corporate execs at $500 million+ corporations, and investment bankers to determine what influences these target groups. They received responses from 3,141 people and among their findings are some telling facts about the power of corporate ad campaigns.

Corporate Advertising in newspapers: some sample spending

Newspapers, because of their immediacy and their appropriate editorial environment, are often the medium of choice for corporate advertising messages. A spot check of Media Records' year-end figures for 1984 finds a wide gap in spending in this area by business, ranging from Mobil's $2.5 million to Gulf Oil's $1,586. Below is a breakout of 30 companies' corporate ad spending in newspapers:

AT&T	$2,370,032
Allied	19,091
Ashland Oil	83,450
Brown & Williamson Tobacco	82,874
Container Corp. of America	6,407
Firestone Tire & Rubber	231,382
General Motors	620,670
Gulf Oil	1,586
Honeywell	43,813
LTV	102,862
Martin Marietta	280,307
McDonald's	3,698
Mobil	2,465,729
Motorola	104,454
Nabisco	73,472
Nissan	61,169
Northrup	810,091
Pratt & Whitney	38,630
Procter & Gamble	4,873
RCA	28,873
Reynolds Aluminum	220,733
RJ Reynolds	2,016,784
Seagram's	524,393
Subaru	13,632
Tenneco	16,658
Textron	139,679
TRW	3,110
3M	43,238
United Technologies	1,172,253
Westinghouse	15,706

Source: Media Records

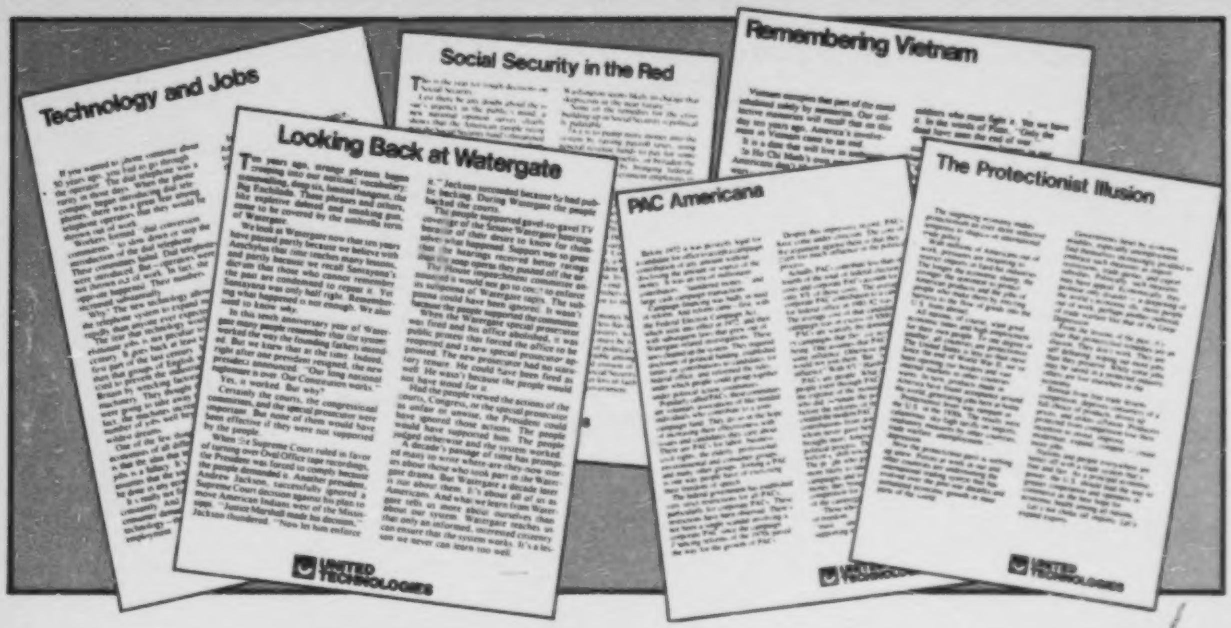
As reported in the November 1984 issue of *Public Relations Journal*, "three out of four respondents report that corporate image advertising has called their attention to a company's investment qualifications." In terms of issue advertising, however, the results are not so positive. " 'Position regarding social issues' ranks last" in regard to type of information of interest supplied by corporate ad campaigns, according to the study.

Even some of issue advertising's biggest proponents are not sure that issue ads are read. Nor are they sure that it matters. John Fox Sullivan, editor and publisher of the *National Journal*, admits that many of these ads, which may try to educate the influentials in the Capital, fall short. "Does anyone actually read them, think about them?" he asks rhetorically. "Is anyone actually influenced by them in some way? No, not really. Who knows for sure what any kind of advertising does? I would not say that the way to influence the House is through advertising."

An in-depth research report conducted in 1981 by the Washington office of public relations firm Burson-Marsteller found that, of all forms of communications, congressional staffers placed issue advertising in regional magazines, general interest magazines, on local radio, in regional daily newspapers, and in weekly district newspapers as among the 10 least effective means of getting a message across to them. No issue ads of any kind made it into the top 30 means of communications as ranked by this group.

But Sullivan is quick to point out that there are advantages. "In some cases, the ads provide people with information," he suggests. "But in others, they raise the profile of a company in Washington. When their Washington rep later tries to get in the door, or they want to do something in particular in Washington, Washington knows they are a 'good' company."

Ironically, the decision to place issue ads can sometimes be found on the other side of the fence. "There is also a group that advertises because they are told by some influentials that they



Technology and Jobs

Looking Back at Watergate

Social Security in the Red

Remembering Vietnam

PAC Americana

The Protectionist Illusion

The Top 15 Magazines of 1984 Measured by Corporate & Association Advertising

	Corporate Advertising	
	Pages	Dollars
1. Business Week	1,044.14	40,414,958
2. Forbes	994.83	29,747,719
3. Fortune	909.89	30,126,597
4. Spectrum	612.15	3,307,453
5. Economist	535.91	2,334,509
6. Time	347.41	37,871,031
7. Newsweek	313.82	23,890,833
8. US News & World Report	282.61	14,456,561
9. Industry Week	266.79	3,452,092
10. New Yorker	237.67	4,066,692
11. Scientific American	216.85	4,590,054
12. Sports Illustrated	205.28	15,109,266
13. Black Enterprise	152.14	1,622,141
14. Dun's Business Month	146.31	2,013,925
15. Financial World	145.76	1,009,981

Source: PIB-Corporate and Association Report, 1984.

should go on record in support of or opposition to a given proposal," notes Sullivan.

The *National Journal*, a weekly, non-partisan news magazine of Capital happenings and debates, began taking advertising in October 1982 and this year expects to receive some $2 million in ad revenues from about 400 pages of paid corporate advertising. Advertisers run the gamut from American Airlines to Xerox. Also appearing are trade associations, a surprisingly few unions, and many members of the media. Even in *NJ*'s rarified editorial atmosphere (there is no consumer advertising allowed, nor any color ads), only 15% of the ad pages are issue-specific. "There's just not that much of it," Sullivan notes resignedly.

The *National Journal* limits its ad pages to about 20% of each weekly issue to avoid upsetting the 5,000+ subscribers who pay the $546 annual sub rate. A profile of these subscribers shows the magazine attracts solid numbers in all the groups that matter — the White House (97); the Cabinet agencies (382); Congress (439); state and local government (301); the media (247); and corporate and financial America (953).

Results of a subscriber study of *NJ* readers' media habits find a fairly predictable media mix supply these influentials with their daily dose of information. Among the 684 people who responded to *NJ*'s inquiries on the subject, the magazines that fared the best in "What do you read?" responses were *The Economist, Forbes, Fortune, Business Week, New Republic, Newsweek, Time, U.S. News & World Report, Washington Monthly, The Washingtonian,* and *The Washington Post Weekly*. The newspaper list is dominated by the *Washington Post, The New York Times* and *The Wall Street Journal*. Local papers, presumably from the officials' home districts, make up a sizable "other" category.

On tv, the most favored news shows are generally found on CBS. *The CBS*

Continued on page 116

AS THEY SEE IT

MEDIOLOGY
By ED PAPAZIAN

Demographic erosion: problem for football sponsors?

By now everyone is aware of the sizeable drop-off of tv sports ratings, particularly those for America's gridiron heroes. According to Nielsen, ABC's *Monday Night Football* ratings declined from the 19-20% range in the late 1970's to only 16% last season. But there has been relatively little discussion about the declining quality of the NFL Pro Football audience. The networks are close-mouthed on this subject and if the agencies do any checking, they keep their findings to themselves.

But other sources are available. Last fall Simmons (SMRB) conducted a national personal viewer diary survey which was financed primarily by the three networks. This marks the first time that SMRB has done a fall study since 1977 and hence, the first time we can review the people ratings for the *Monday Night Football* telecasts from an independent source in fine demographic detail.

The findings are sobering. According to SMRB, pro football's average adult rating declined by 17% between the two periods and not surprisingly, women reduced their exposure slightly more than men.

But the disturbing news is revealed by SMRB's various age, socio-economic and ethnic breakdowns. We've culled a few comparisons in the following table. In sum, young adult viewing is down 28% while older adults are watching about as often as before.

Upscale elements — in this case we've picked the college-educated — consume 26% fewer telecasts, but low-brows (those who never graduated from high school), increased their viewing. Finally, blacks reduced their viewing of the pro football games to a far greater extent than whites. (See table.)

Simmons' fall 1984 study has a lot of data on weekend afternoon football (and much finer demographic data) as well as a lot of cross-referencing by key product usage categories. The changing demographics of network sports viewers is, of course, a function of competition from independent channels, cable and other new electronic media options, but it also reflects a response to the perceived caliber of tv

% of U.S. Adult Population Watching Monday Night Football (Avg. ½ hour Audience)

	Fall 1977	Fall 1984	% Change
Total Adults	14.5%	12.1%	−17%
By Sex			
Men	21.4	18.5	−14%
Women	8.1	6.4	−21%
By Age			
18-24	15.6	11.3	−28%
25-34	15.3	13.1	−14%
35-54	15.6	12.3	−21%
55+	11.9	11.7	−2%
By Education			
1 + Yrs. Coll.	18.9	14.0	−26%
H.S. Grad.	15.3	11.5	−25%
Not H.S. Grad	9.7	10.8	+11%
By Race			
White	13.9	12.1	−13%
Black	18.9	12.5	−34%

Source-SMRB

sports attractions, player strikes, their big buck image, etc.

If SMRB is correct, this loss of quality is a bigger turn-off to the quality viewer, which in turn, is a growing problem for quality advertisers. ■

OUTDOOR

By RICHARD L. BRIGGS
Vp, out-of-home media,
SSC&B

Gannett Outdoor moves to the front of the class

Late last October, the Gannett Outdoor Group, the largest outdoor advertising network in North America, advised the media buying community that they were relocating their headquarters from Phoenix to New York City. In addition to realigning its top management team, it was tripling its East Coast personnel, establishing a Los Angeles office, and adding to existing offices in Chicago and Detroit. This shifting of Gannett marketing and sales weight is being seen as most appropriate (and perhaps long overdue) by those of us who purchase major blocks of outdoor and who represent national clients. At a time when media attitudes are experiencing significant transformations, the outdoor industry should respond to the opportunity by raising their collective voice and broadening their contacts in the offices of agencies and advertisers. The Gannett Outdoor Group has demonstrated that they agree.

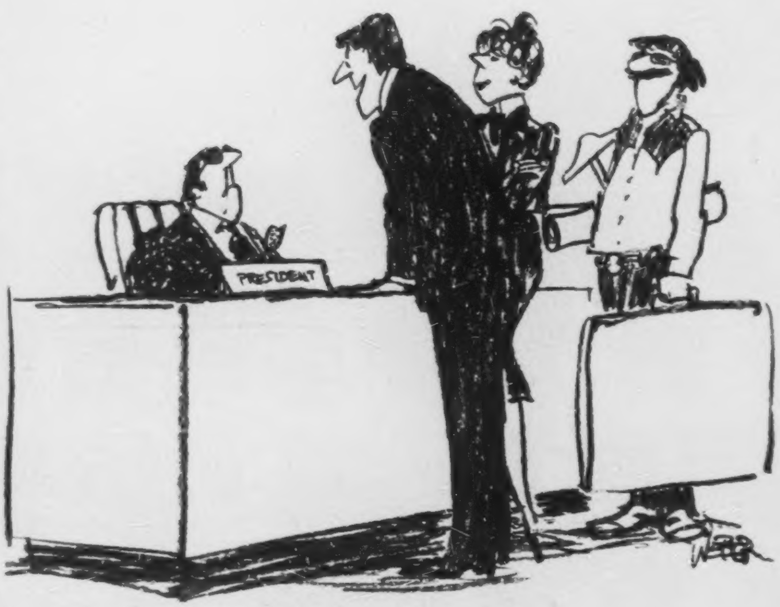
Now that this relocation by the Gannett Group has had a chance to settle in, it appears to me that much of the positive talk they released to the press last fall is beginning to translate into action.

As part of a long-range plan to improve Gannett's market share and enhance outdoor's position in the media mix, this Group, see product, systems, and marketing as their priorities.

We will soon see two very significant moves in the area of "product" improvement. One is guaranteed morning illumination from 6 A.M. to dawn during the fall to spring seasons of the year when nights are longer than days. For illuminated displays, advertisers are buying and expecting eighteen hours of exposure per day. This move by Gannett will insure visibility during prime morning drivetime. In that, according to the U.S. Department of Transportation, the 6:00 A.M. to 8:59 A.M. period accounts for 33.8% of the daily traffic flow, we are not talking about an insignificant percentage of total circulation.

Second in the product action department is the researching of the broader use of Lumiflex, a flexible, reinforced translucent vinyl to overlay, like a smooth taut canvas, painted bulletin faces. If proven successful, the Lumiflex application will eliminate downtime involved with on-site painting, boom trucks and/or cranes to rotate heavy bulletin sections, improve opacity of all copy elements, and being of one piece, will have no distracting surface seams. Also, a big advantage to this tightly drawn plastic curtain will be the use and re-use of the product in one or more markets. Accordingly, production costs can be amortized over far longer periods. With all media production costs escalating as they are, this will be a welcome reversal.

One priority move to change the "system" was recently announced by Gannett. It has to do with published rates for 30-sheet poster and printed bulletin programs. Now, an advertiser has the option to purchase space, if he so elects, with all production charges included. Under this all-embracing buy, four-color lithography would be assigned to their Mediacom Toronto facility, the largest poster printing company in Canada and an award-winner in its field. Combining these costs may not reflect savings in all cases, but it



"Here's the deal, Jerry. We won't take any business with us, but we want your back issues of SRDS every month."

SPORTS: *from page 45.*

to the advantage of certain advertisers, particularly on the regional and local levels."

Regional sports nets garner about 80-95% of their revenue from per-subscriber fees in the form of wholesale rates paid by cable operators who affiliate with the channel. They are actually scoring higher than national cable in the revenue-per-subscriber category. By Paul Kagan Associates estimates, in 1984 the four million basic and pay sports subscribers generated an average $3.89 per subscriber in revenue. Pay services alone gained from $3.92 to $18.67 per subscriber. Comparatively, the highest per-subscriber revenues among national cable nets ran from $1.74 (ESPN) up to $4.89 (WTBS).

The reasons behind those lofty per-subscriber revenue figures are the premium CPM's charged by the regional networks. The services are pitching $12-$20 CPM's, justifying those charges in light of the favorable ad environment they offer. Regional nets run fewer spots during pay events and those run at natural breaks offer advertisers a clutter-free scenario. Additionally, pay homes command higher CPM's due to their upscale demographics. And several viewership studies indicate 35-50% of sports subscribers tune into each major event. Such dedication to sports viewing translates into viewer association with the sponsor of the team, claim regional net executives. Notes Madison Square Garden Network (MSGN) vice president of sales, Ray Levy, "Audiences are fanatical about their teams and, oddly enough, are cognizant of the sponsors. What happens is that fan loyalty fosters brand loyalty, which leads to greater sales. That's what we heavily market to advertisers."

Stroh's Martin suggests advertisers address two key questions when considering a regional sports network buy: "Are you willing to take a risk that the sports networks' projections for growth will be accurate? And do you accept the premise that you can have smaller audience numbers work for you? That latter question in itself violates traditional broadcast assumptions," he observes.

In evaluating the buy, BBDO's Novenstern notes, "As far as CPM's, it's tough to compare to what the teams are going for over-the-air. We evaluate that rating based on the assumption that the pay viewer universe is producing a higher rating. What percent higher is up to debate. Our general benchmark is that ratings for pay sports run about 50% higher than their over-the-air counterparts. You wouldn't be paying that fee if you weren't interested to begin with. If it's not a pay tier, that percentage would be less high but still higher than broadcast in that universe."

A look at the three top regional sports networks demonstrates the overall positive relationships between the networks and clients/agencies.

With nearly 2 million subscribers, Gulf and Western-owned MSGN, offered as a basic service to 59 affiliates, highlights the New York Knicks and the New York Rangers. Its latest sign-up, the New Jersey Devils hockey team, gives the network two pro hockey teams in action. Ad inventory (20% of MSGN's revenue is from advertisers) is sold-out for the Knicks and Rangers games and about 50% sold out for other programing. Ninety percent of that revenue is brought in by the Knicks and Rangers, whose sponsors' participation extends beyond those programs. A typical sponsor package may include: a :30 spot on every Knick and Ranger broadcast on WOR-TV (40 games); a :30 spot in each of the 110 Knick and Ranger games on cable; :30 spot in each of the minimum 100 other events like college football and basketball; and run-of-station programing (each sponsor is required to purchase five spots a week on a run-of-station basis).

"We give advertisers something that extends beyond the media," claims Levy. "It's an association with Madison Square Garden which goes beyond commercial time and signage benefits." MSGN additionally offers its sponsors season tickets; dinner parties at a game for usually 30 guests; a day at a Ranger practice; ads in programs sold at the games; and logo identification incorporated into pocket schedules and yearbooks. What sponsors like

Purchase
COLUMBUS
The Uncommon Market
The Dispatch and Citizen-Journal reach the people [illegible] market of over one million
[illegible] coverage

	Daily Net	Sunday
Total Adults	58%	74%
Professionals/Managers	66	87
Working Women	57	76

The Columbus Dispatch
Evening & Sunday
Columbus Citizen-Journal
Morning
For more information write or call (614) 461-5184
Two independent newspapers with separate editorial voices
Represented nationally by Cresmer, Woodward, O'Mara and Ormsbee.
[illegible] The Dispatch Printing Company, 34 South Third Street,
[illegible]

"The match was won by pointing out that 51.6%* of HBR subscribers are chairmen, presidents, managing directors, chief administrators and top managers."

*U.S. & Canadian Subscribers

Harvard Business Review

New York, NY (212) 972-0740
Boston, MA (617) 495-6182

Coke, Anheuser-Busch, and Paine Weber must commit to is a minimum one-year sponsorship for at least $250,000.

The network has worked as a complementary medium for Bally's Park Place Casino Hotels, claims Elliot DeBear, executive vice president of The Media Department, a media planning service which places Bally's on MSGN. "Looked at in terms of strategic planning, MSGN is highly viable. The casino industry knows there is a direct correlation between very heavy viewers of boxing, for instance, and gaming. MSGN is shown in areas that parallel our primary target, the New York ADI and Northern New Jersey. You get all the benefits of merchandising and signage exposure, plus continuity from well-rounded programing," says DeBear. The association with pro sports gives Bally's access to that hardcore viewership, he observes. "Eventually the team has to become a reflection of the sponsor and the sponsor a reflection of the team," continues DeBear. "When you have an affiliation with a pro team in your prime ADI, you are taking advantage of something that has a lot of local visibility. That allows us to provide heavier local media support to maximize awareness. MSGN helps us maintain Bally's momentum in an increasingly competitive market."

Group W Satellite Communications-owned Home Team Sports, based in Washington, D.C., offers 50,000 subscribers in 25 affiliates three professional teams — the Washington Bullets, Washington Capitals, and Baltimore Orioles — as well as college programing in football and basketball and such minor sports as lacrosse. By the end of last year, HTS had signed systems in the D.C. and Baltimore ADI's representing half of the 600,000 cable subs in those areas. HTS's pay-to-basic penetration was the highest of any other regional network launched in 1984. However, with neither D.C. nor Baltimore wired, the service is heavily dependent on systems outside the teams' home turf. In view of the marketing history of regional nets, this reliance on outer markets (Virginia, North Carolina, and Delaware) is risky, claims analyst Quirk.

Subaru Atlantic's package with Home Team Sports included dealership appearances by the Baltimore Orioles bird.

HTS is faring well in the ad sphere, selling out 75-80% per Oriole game at $20 CPM's. "One of our strong selling points is the low clutter environment," says HTS's New York sales manager Perry Shelman. "We give advertisers a more concentrated upscale viewer share which is attracted by the localism of the programing," adds Peter Weisbard, vice president of sales. Weisbard is predicting more than a 90% increase in ad revenues this year despite the network's high operating costs. "It's expensive to run a regional sports network because you don't get instant payout. It's not as if you can go to a syndicator and put on cheap programing," he explains. "This is live sports."

HTS offers year-round program line-ups and includes the teams as revenue sharing partners. That approach is critical to a regional net's success, says BBDO's Novenstern. "The rights fees will be realistic and the team will have a greater interest in the subscriber and advertiser growth," he notes. "They will be satisfied partners and not be out to cut off the network through exorbitant rights fees. They'll want to make the rights fees amicable so that all will prosper. Who knows, in a few years, these regional networks may be getting more teams than their over-the-air counterparts."

Local advertisers like Subaru Atlantic and Giant Foods are finding HTS a prime community tie-in vehicle. This year Giant Foods, a major chain in Maryland, Virginia and D.C., made its first move into cable advertising with their purchase of a :30 spot per Oriole game. "Our primary demo is women 25-54, so sports is not the best way to go for cost efficiency in sponsorship," claims Kevin Hancock, director of advertising and marketing for the food chain. "But advertising on HTS is a way we can show the community that we support the teams in our area. Running image, not product ads, is great visibility for us."

HTS offers Subaru Atlantic product exclusivity, billboards, and heavy promotional and merchandising tie-ins, says Cathy Folus, communications ad manager at Six Star Advertising which plans the media buys for 73 Subaru dealers. During its May 1-June 29 run of three :30's per Oriole game, the network and agency coordinated a Subaru All-Star advertising sweepstakes which included appearances by the Oriole bird at the dealerships. The sweepstakes winner was announced by Jim Welsh, vice president of Subaru Atlantic during the HTS airing of the July 3 Oriole game.

"HTS is, or soon will be, carrying what we already tie into on location," says Folus, citing the positioning of Subaru already as the official car of the Washington Bullets, Washington Capitol Hockey, and the Baltimore Blasts Soccer.

At a third regional sports net, SportsChannel Network, senior vice president Bob Fennimore notes that current sponsors include Anheuser-Busch, Toyota, and Manufacturer Hanovers Trust. The SportsChannel Network is comprised of SportsChannel New York serving 400,000 subscribers; SportsChannel New England, with 100,000 viewers; SportsVision, serving 49,000 in the Chicago area; and Prism, the hybrid service offering movies and some sports (12% of programing), with 375,000 subs in the Philadelphia area. The New England and Chicago services boast a 100% increase in subscribers over last year; New York, 20% above 1984; and Philadelphia, a 10-15% increase in viewers. Fennimore says he is running 70% above last year's sales to advertisers as well. "Any hesitancy an advertiser may have would be due the status of the team: Is it a winning team? Fortunately, in all our markets, our teams are winning, so sales are made easier."

Fennimore, a former vice president of WOR-TV, sees competition from all media going after broadcast sports ad dollars, but cites regional sports networks as having an edge. "Regional networks are really local networks that bring to each market local professional teams. There's important local identification for the viewer in that market. In local sales, the support franchises should be very successful," he claims.

Toyota, a sponsor of both SportsVision and SportsChannel New York, cites those networks as prime vehicles to "get your upper-income home with no waste," says Bill Sheehan, senior vice president, sports media for Dancer Fitzgerald Sample, Toyota's agency. Toyota has been given an "import exclusive" in the car category. "The regional sports networks continue our association with the Yankees and gives us another sports property in the market [the Mets]," cites Sheehan. "They don't offer a big universe, however, so you have to be judicious in how you evaluate the buy. Each regional network has to be looked at individually."

For a majority of sponsors or spot advertisers, the regional sports networks have delivered on their estimate, or slightly above, in subscriber and revenue growth. "On the numbers game, even though the figures are small, everyone has done what they promised," says Stroh's Martin. "The part of the equation that will take some time to discover is whether it is to the client's advantage to have that high interest level as opposed to a broader based hope-we-catch-some-of-our-target approach of broadcast tv." In the interim, until broadcast tv sports costs fall into line, it's likely that the regional sports cable nets will continue to be an attractive alternative for the sports-minded national advertiser.

Judith Reitman

Paper train—with the Tulsa heavyweights in building strong retail sales.

The morning Tulsa World and the evening Tulsa Tribune — two daily newspapers that deliver unduplicated readership of 283,000 in the Tulsa MSA. And a net audience of 328,000. That's 65% of Tulsa's MSA.

Plus, you get a combined total readership in four states of over one half million.

For bigger, stronger retail sales, pick up the Tulsa heavyweights in your advertising buy.

Source: Belden CMS

TULSA WORLD

The Tulsa Tribune

Newspaper Printing Corporation. Agent for the Tulsa World and The Tulsa Tribune. Two independent and separately owned newspapers represented nationally by Branham.

Seagram's 7 Crown
Imported Canadian Club
Wild Turkey
Jack Daniel's Old No. 7 Tennessee Whiskey
Smirnoff Vodka
Cognac Henn
J&B
Cutty Sark Blended Scots Whisky

Harvey's Chelsea Restaurant

Photo: Bill Kelly

Brand report 113:
Liquor

Spirits on the rocks

"We are *not* talking about an industry in disastrous trouble," insists Perry Luntz, editor and publisher of the *Beverage Alcohol Market Report*. "Let's not go overboard and throw distilled spirits out the window. It's really a case of declining expectations." Ben Corrado, a liquor industry consultant agrees: "Not everybody is just drinking water."

Though some within the industry say reports of its demise are greatly exaggerated, problems facing the industry are serious enough that its spirits are indeed sagging . . . and with good reason. Sales levels (case depletions) continued their descent last year, slipping 1.4% according to *Impact*, an industry newsletter. Since 1980, per capita consumption has dropped by 10% to 1.8 gallons per legal-age drinker per year, according to Clark Gavin Associates Inc. Worse still, the number of people approaching legal drinking age is declining.

The liquor industry's lagging sales mask a number of important shifts, however. Last year for instance, for the first time ever in the U.S., white goods outsold brown goods in terms of volume, sneaking past them with sales of 184 million gallons versus 183 million for the heavier "brown" spirits. The public preference for "lightness," which is making itself felt in a number of food and drink product categories, continues to reshape the distilled spirits industry. Now vodka rules the roost and other "white" liquors, like rum and tequila, have grown enough for the segment to overtake whiskeys.

Another trend changing the industry is what one marketer calls the consumer's "flexible palate." People are willing to experiment and try a *variety* of liquors, including beers and wines. "There aren't the social pressures there used to be," states Richard F. Vreeland, senior vice president of marketing at Somerset Importers Ltd., a unit of Distiller Co. Ltd. "Young men no longer have to think, 'Gee, I really have to drink scotch if I want to get along in business.' You don't have to drink what the boss drinks."

Today, there is less blind loyalty to a type of liquor and consumers are increasingly prone to buy by brand rather than category. "It's up to the brands now," says Vreeland. "The category is not going to automatically give you people anymore." The strong brands will survive "on personality," as one marketer puts it, even managing to buck the trend their category might be following. Dewar's scotch is a good example of that. Its sales rose 2% last year, while shipments of scotch as a whole dropped 9%. Jim Beam bourbon and Tanqueray gin similarly reversed declines in their categories.

Super-premium brands are increasingly finding favor. Some feel the trend towards moderation in drinking will prove to be a boon to the growth of these more expensive brands. "We feel if you're going to have less, you're going to have the best," says one marketer of a super premium.

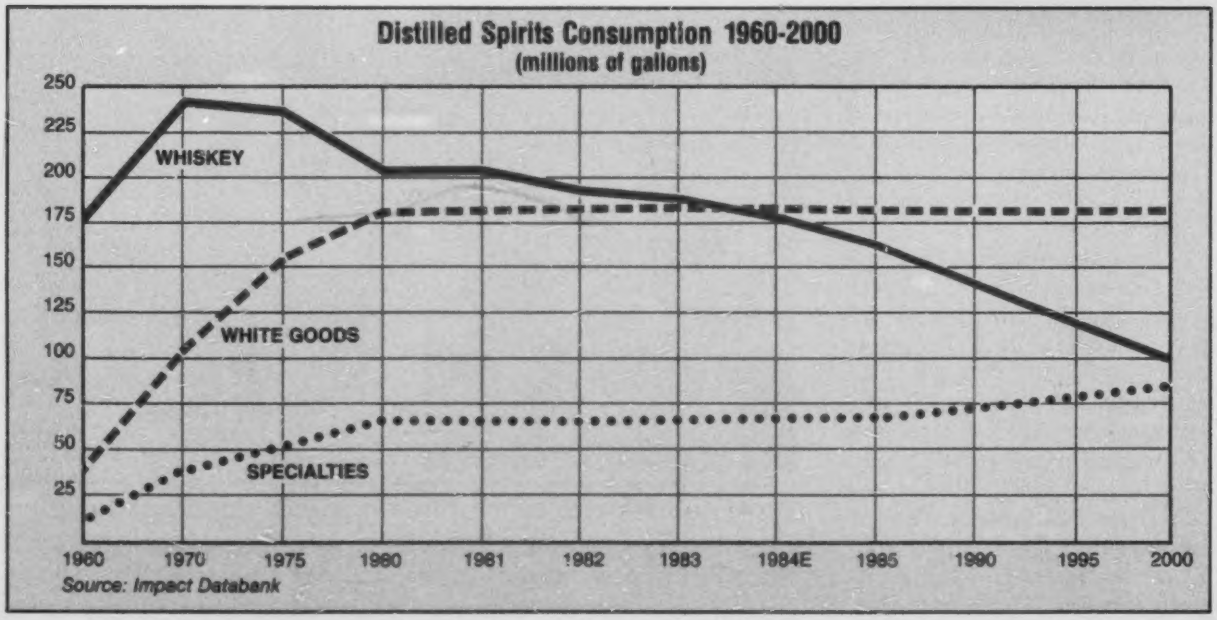
And less is what it looks to be. The industry, which the Distilled Spirits Council of the U.S. (DISCUS) says is still $21.6 billion strong, expects a decline next year of at least 5%-6% due to the $2-per-gallon Federal excise tax (FET) scheduled to go into effect October 1. Currently the FET represents an average 27% of the purchase price of a bottle of spirits, compared to roughly 1.6% of the purchase price of table wine, 5.5% on beer and 16.4% on cigarettes according to *Market Watch*, another industry publication.

If increased taxes were not enough of a drain on liquor's sales, the outcry over spirits' effects on health and driving safety are adding yet another, more emotionally loaded factor. Liquor marketers themselves are espousing the cause of moderation in the hopes of reversing the industry's "bad guy" image. Last spring, Hiram Walker Inc. launched a $2-$4 million "Yield the keys when driving" campaign and Somerset Importers Ltd. spent $2-$3 million on its "Drink with judgement" public-service campaign launched this June. Joseph E. Seagram & Sons Inc. is spending $5 million on a campaign — rejected by the three major television networks — informing consumers that a mixed drink containing 1.25 oz. of spirits packs as much alcoholic punch as 5 oz. of wine or 12 oz. of beer. "But at what point," asks a DISCUS spokesman, "does the problem rest with the consumer and not with the industry?"

In addition to normal market shifts, distilled spirits have some additional marketing hurdles that wine and beer don't have to contend with. Liquor marketers operate under a voluntary blackout of radio and television advertising. They are allowed limited access to sampling for new product introductions, are limited by federal law to spend $35 on promotional displays for a single store, and have less pricing flexibility than wine and beer makers. The number of stores they can sell to is restricted as well, with some states permitting sales only through state-owned stores. In addition, ten states have now banned "happy hours," a favorite promotional tool, and 23 states have laws that hold those who serve the drunk drivers their liquor liable for any accidents that might result. And in response to a Federal bill signed into law last July stating that states with lower legal drinking age limits would lose some of their Federal highway aid, some states have agreed to raise their legal drinking age to 21.

Yet, of all hurdles the distilled spirits industry has to clear, the biggest is probably one of its own making. Marketing strategies of spirits companies have been woefully slow to change. In general, say observers, as volume declined spirits marketers tried to maintain profit by cutting staff and slashing

Bill Kelly



Distilled Spirits Consumption 1960-2000
(millions of gallons)

Source: Impact Databank

1983 Percentage of All Distilled Spirits Drinkers by Gender

Gender	Total Distilled Spirits	Blended	Bourbon	Scotch	Canadian	Irish	Gin	Vodka	Rum	Tequila	Brandy/ Cognac	Cordials & Liqueurs	Cocktails & Mixed Drinks
Male	51.3%	59.8%	64.8%	61.5%	59.5%	62.3%	52.8%	50.1%	48.9%	53.0%	55.6%	43.1%	43.7%
Female	48.7	40.2	35.2	38.5	40.5	37.7	47.2	49.9	51.1	47.0	44.4	56.9	56.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Simmons Market Research Bureau: 1983 Study of Media and Markets

advertising dollars. The industry's ad expenditures dropped from the 1983 level of $350.2 million to $339.3 million in 1984, according to Clark Gavin.

The industry stands accused, even by some insiders, of taking the attitude that its leading brands will pull it through the crisis, unaided by any dramatic changes in marketing plans. "The marketing skills and insights you see utilized in this industry are atrocious," rages one industry marketing executive. Others echo that view. "The liquor marketer tends to say, 'Geez, I can't do anything,' and puts his head under the covers," observes Perry Luntz.

For years, the industry has relied first on magazines, and then on outdoor billboards, with their four-color capabilities, to sell their brand's image. Newspapers have been used primarily to make immediate announcements — a new product, special sales or promotions. But a number of marketers think a fresh look at newspapers is in order, particularly with their expanding use of four-color. "Newspapers allow you more flexibility in what's being communicated," says Brian Dunn, senior vice president of marketing at Buckingham Wile Co., marketers of Cutty Sark. "It's hard to get much of a message across to someone driving by at 60 m.p.h.," he says referring to outdoor boards.

It's time to rethink everything, says Peter Dimsey, executive vice president of marketing for the House of Seagram, a division of Joseph E. Seagram & Sons, the industry giant. He sees signs within the business of "a collective recognition that we've got to be more aggressive in advertising, we've got to be more intrusive — grab people's attention and make them read our advertising."

One thing Seagram did this year was to reorganize itself with the emphasis on grouping complementary brands under a single division's roof. Previously, similarly positioned brands like Calvert and Kessler whiskeys, for example, were marketed by different divisions and competed with one another for market share. The shake-up, says Dimsey, yield "marketing strategies that are more precisely targeted." It will, for instance, "lead to more regionalization of brands that don't have a strong national presence."

Regionalization of both brands and marketing efforts is one of the hottest concepts in the industry today. Somerest's Vreeland says, "It's a new priority for us. It's something one must do for the future. You need more pieces of smaller markets." These days companies need to pay closer attention to how much they spend in a variety of markets. An example: Vreeland says company research shows that 70% of Johnnie Walker Black's volume comes from just 10 cities. As a result, the company will tend to spend a big chunk of its budget on regional editions of certain publications, and make sure those cities have healthy outdoor support.

Segmentation is another word that comes up often. In order to keep the business growing, says Seagram's Dimsey, "You have to look at behavioral and attitudinal changes, even though numbers may be easier to get."

And though spirits marketers have pitched to black and Hispanic audiences for some time, women are only now starting to get some special consideration. According to *Impact*, they drank 43.5% of all distilled spirits consumed in 1983. And the fact that their ranks in the workforce continue to swell has "Growth Market" written all over it. The following is an overview of the marketing/advertising strategies of the top three brands in leading liquor categories.

Vodka

U.S. consumers down far more

DEWAR'S PROFILE:
GALE SAYERS
White Label

Dewar's runs two different campaigns simultaneously. Personality profiles reach out to young professionals; Scottish scenes target older, regular Dewar's drinkers.

Anything can happen.
Cuervo Premium Tequila

Tequila: gaining in popularity.

vodka than any other type of distilled spirit. It accounts for one of every five bottles of liquor sold. Though the category's growth seems to have leveled, it still rides high, claiming an impressive 23% share of the total spirits market, according to *Impact*. Colorless, odorless and almost tasteless, consumers didn't have to learn to like the mixable vodka. Last year, they liked it 100 million gallons worth.

Overall, however, vodka sales are flat, its growth having slowed for many of the same reasons the industry is sluggish. Plus, it is a crowded market. There are nearly 400 different brands on the shelves. And some observers see the glimmerings of a trend that may be having an adverse effect on vodka sales. There is conjecture that the seeds of a trend back towards more flavorful spirits have been sown. The popularity of imported vodkas, which have what the industry calls "mouthfeel" — slight taste and smell — points to the desire for some flavor.

For a category whose products don't have much in the way of physical characteristics differentiating one brand from another, image is everything. **Smirnoff,** distributed by Heublein Inc. (a unit of R.J. Reynolds Industries Inc.), has long been the king of the American vodka market, with 17% share of sales. Though its sales have dipped gradually since 1980, Heublein thinks they will now hold steady due to pricing, advertising and promotional changes it has made.

Late last year, Heublein decided to switch to a new campaign, but hold its advertising budget steady at about $8.5 million. The new "Friends are worth Smirnoff," says Jack Manning, senior vice president of marketing/spirits and wine worldwide, appeals to its older customers but skews to younger adults, in an effort to gain converts. "We can't forget that they're still in the process of making brand choices and we're trying to expand our user base," he explains. Roughly 60% of the ad budget goes to buy national magazine space, the remainder is used on out-of-home media. The brand is also given a healthy dose of support with a promotional budget that is more than half the size of the advertising budget.

Share of Market Trend
Distilled Spirits Entering U.S. Trade Channels by Type

Type	1970	1975	1980	1981	1982	1983	1984
Bourbon	22%	17%	15%	14%	14%	12.7%	12.0%
Blends	19	13	9	9	8	7.6	7.4
Scotch	13	13	10	11	10	10.3	9.4
Canadian	9	11	12	12	12	11.9	12.5
Irish	*	*	*	*	*	0.2	0.2
Total Whiskey	63	54	46	46	44	42.6	41.5
Gin	10	10	10	9	9	9.1	8.9
Vodka	13	20	22	21	23	22.6	22.8
Rum	4	4	7	7	7	7.8	8.0
Tequila	–	1	2	2	2	2.2	2.2
Total White Goods	27	35	39	39	41	41.7	41.8
Brandy	4	3	4	4	5	5.0	5.1
Cordials & Liqueurs	–	–	8	9	9	8.8	9.9
Cocktails & Mixed Drinks	–	–	2	2	2	1.9	1.7
Total Specialties	10	11	15	15	15	15.7	16.6
Total Distilled Spirits[1]	100%	100%	100%	100%	100%	100.0%	100.0%

*Less than 0.5%
[1] Addition of columns may not agree because of rounding.
Source: Impact Databank

Heublein's **Popov** brand holds the #2 vodka slot, commanding nearly 9% of the category's sales and showing a 1983-1984 sales gain of nearly 10%. The mid-priced vodka (35% less than Smirnoff) is targeted to a somewhat more general, less affluent audience. It receives no advertising support but is promoted heavily with a budget comparable to Smirnoff's.

Various industry figures differ, but most show **Kamchatka,** a price brand distributed by National Distillers and Chemical Corp., slugging it out with **Gordon's Vodka** for third place. According to figures compiled by Leading National Advertisers, Gordon's Vodka, marketed by Renfield Importers Ltd., received no advertising support in 1983 or 1984. Some think its sales get a boost from the company's "I could go for something Gordon's" gin campaign.

Heublein has petitioned the Bureau of Tobacco and Firearms (BATF) to allow the standard of identity on a bottle of liquor to be lowered below 80 proof. Should the ruling be in its favor, the company may introduce a lower alcohol vodka. Marketers are free to sell low alcohol spirits now, as long as they call them "diluted." But, complains Manning, "There's no way we want to market something with 'diluted' on the label."

CANADIAN MIST
CANADIAN MIST
CANADA AT ITS BEST
AMERICA'S

Canadian Mist and Seagram's 7 Crown: Both are category leaders and both play up their status in their advertising.

Gin

Gin, the second-largest selling white spirit, showed a sales decline of 3.4% to 39 million gallons last year, according to *Impact*. After healthy growth in the 1970's, its share of the total spirits market began eroding in 1980 and stood at 8.9% in 1984. "I would like to believe that the decline is leveling off, but my impression is that it's not," sighs Todd Middleton, director of marketing at National Distillers, distributors of #3-ranked Gilbey's gin. "Vodka is viewed as the 'now' drink, whereas gin may still have martini overtones. People think it is heavier."

Seagram's gin dominates the category, though its sales fell 2.5% last year. The company says it currently has very strong support for the brand in black markets and a less well-developed general franchise. To amend the latter, Seagram has just launched a new advertising and promotional program. The company says it will spend between $5.5-$7 million on the advertising alone.

The campaign is another one that seeks to hold onto the brand's loyal consumers by stressing its status as #1. It also attempts to lure new consumers into the Seagram fold by emphasizing its lightness and mixability. If the ad copy doesn't attract attention, the steamy shots of a couple in what the company calls "a romantic encounter" that accompany it will. As the couple starts to disrobe, the copy, in one example, reads: "They also say you

---

Diario Las Américas Readers Pour It On!

More than 72% of Diario Las Américas reader households consume alcoholic beverages, spending more than $15 million annually. And two-thirds buy beer regularly!

So advertise in Diario. And you'll never have to worry about your liquor sales running dry.

DIARIO LA
Amenaza con

Diario Las Américas

The Spanish-language Daily Newspaper
Founded July 4, 1953

Diario Las Américas
2900 N.W. 39th Street
Miami, Florida 33142-5193
(305) 633-3341
Represented nationally by: Cresmer, Woodward, O'Mara & Ormsbee, Inc. (CWO&O)

Friends are worth Smirnoff.
SMIR
Cutty and denim.

More spirits marketers feel the future lies with young, affluent consumers.

should drink it with someone you know very, very well . . . or want to.'' The ad will run in a wide range of national magazines, such as *Time, Jet* and *Cosmopolitan*, and be given strong newspaper and out-of-home poster exposure as well.

Gordon's gin, marketed by Renfield, had 5% fewer sales in 1984 than in 1983. Its new ''I could go for something Gordon's'' campaign was not able to stop the brand from declining faster than the gin category as a whole. Renfield reportedly boosted advertising dollars for Gordon's from the 1983 level of $4.3 million to just over $5 million in 1984.

Third-most-popular **Gilbey's** gin also registered a sales drop, in the 8% range. The current campaign, featuring the slogan, ''Here's to more gin taste,'' emphasizes the gin's distinct aroma and strong taste, portraying it as a gin that will hold its own with a mixer. Gilbey's is mid-priced and pitched to an audience that is 18-49 years old. LNA shows a cut in National's advertising budget from $5.1 million to $4.4 between 1983 and 1984.

Rum

Rum is the third most popular white goods spirit and maintained growth last year with a 2.6% gain in sales (about one million gallons). It's an unusual segment in that the best selling brand, **Bacardi,** is not only a leader in its category — with a whopping 59% share — but is also the far and away best-selling brand of spirit in the U.S.

Rum has benefited from the country's swing to lighter liquors and, perhaps more than other spirits, from the growing strength of women and ethnic groups in the marketplace. Rum's popularity (Bacardi has held its #1 slot for seven years running, according to Clark Gavin's tally sheet) is largely due to Bacardi's long-held marketing strategy of emphasizing rum's mixability, a game plan other categories have since adopted.

Bacardi's 1984 ad budget totaled $8.9 million, according to LNA, with a spending split of about 60% on advertising, 40% on promotions. Over $1 million of the 1984 budget went to promote Bacardi and Coke, a favorite mixed drink among blacks and Hispanics. And last year Bacardi tipped its hat to both health concerns and its growing female market by launching the ''Diet Quiz'' campaign, from the Rumrill Hoyt agency. It compared favorably, the caloric and alcoholic content of a 5 oz. glass of white wine to a 5 oz. drink made with Bacardi and diet Coke. The ads ran in a variety of publications — *Modern Bride, Life* and *Sports Illustrated* featured it.

Bacardi Corp.'s **Castillo,** a mid-to-low priced brand, is the second best selling rum in America, giving the company an enviable 66% share of the total rum market. Castillo receives no advertising support and has made its name by selling well in bars and restaurants.

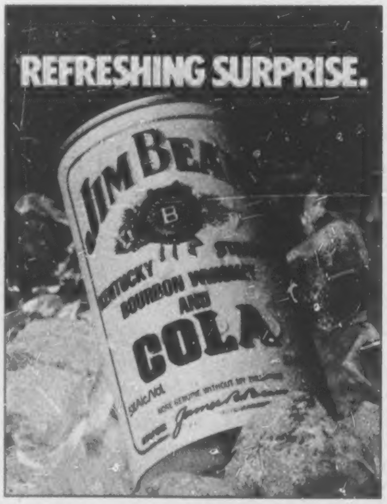
Other brands are making themselves known and other segments have begun to spring up. Seagram's **Ronrico** is the third-placed seller. Though its sales rose 5% between 1983 and 1984, giving it a nearly 6% share of market, its advertising budget was cut to about $1.3 million last year from the previous year's $2.7 million. Price, according to Seagram, is its main differential and the thrust of its marketing effort is directed at retailers, not consumers.

Gaining attention is another Seagram rum entry. **Captain Morgan** spiced rum grew from a 30,000 case-depletion level for its introductory year, 1982, to more than 310,000 last year. While that's miles from Bacardi's 8.7 million cases, it's an impressive growth record that looks even better when compared to Ronrico's 1984 sales of 830,000 cases. Spending on its advertising shrunk in 1984 to $1.6 million, according to LNA, down from the 1982-1983 new-brand level of $3.9 million. However, the brand, which is priced somewhat higher than Bacardi, is slated to have its budget increased next year.

Tequila

Tequila's 2.2% share of white goods' total market share is small but growing. Though sales held steady in 1984 at about 10 million gallons, the continuing trend toward white and light liquors, plus the ongoing popularity of Mexican restaurants, spells good things for tequila. ''We have high hopes for its growth, though I would not expect in the future to see tequila become another vodka,'' observes Jack Manning of Heublein, distributor of top-selling **Jose Cuervo.** The brand's

Continued on page 101



Soft drink or mixed drink?

Diet Quiz #1
Which has less calories and alcohol:
1. ☐ 5 oz. white wine?
2. ☐ 5 oz. Bacardi rum and diet Coke?
Bacardi rum mixes with everything.
Except driving.

Bacardi acknowledges two sales-shaping trends in its ads: diet consciousness and responsible drinking.

Continued from page 96

1984 $1.8 million budget was spent on the Southwest and West Coast markets.

Canadian

The brown goods, or whiskey, category has lost sales at a steadily increasing rate throughout the 1970's and early 1980's. In 1984, brown goods' volume fell by 3% to where it now has a 41.5% share of the total spirits market, compared to white goods' 41.8% share, according to *Impact*.

Canadian whiskey, considered the lightest of whiskies, has been steadily gaining in volume and market share since 1970. It has bypassed bourbon and scotch to become the best selling whiskey, claiming a 12.5% market share. Between 1983-84, shipments of Canadian rose 4.9%. Some think that as consumers hint at renewed interest in fuller-bodied spirits, they may be testing the waters with Canadians.

Canadian Mist is the category leader with a 19% share of its market. The mid-priced brand has shown a growth rate of about 8% over the last five years and Brown-Forman Inc., its importer, thinks it stands a good chance of further growth as some consumers trade down in response to the FET hike. The brand is largely targeted to males, from legal drinking age to about 49 years old. Brown-Forman spent about $5 million to advertise it in 1984 and runs separate campaigns for whites and blacks. The white, "general audience" campaign receives about 75% of the budget, according to John V.O. Kennard, senior vice president-group director. The campaign talks about "Canada at its best," showing misty Canadian mountaintops and other outdoorsy scenes. But, says Kennard, "Blacks are much more interested in the black community and black people." So the "Misting" campaign was created, featuring a fashionable black couple in a social situation.

Seagram aims second best selling **V.O.** to a male "grey collar" group, that Tom McInerney, executive vice president of marketing, describes as "lower management — not chief executive officers, but not ditch diggers." The company cut the brand's advertising money in the 1983-1984 period, but with the introduction of a new campaign last year, it has boosted spending to the $10-$15 million range. The new ads from Ogilvy & Mather are profiles of what McInerney calls "unsung heroes": a travel agent, the road manager for the Hall & Oates rock and roll band, and members of a ski patrol, among others.

Hiram Walker's **Canadian Club** ranks third with roughly 15% market share. Locked in a tight race for that

THE DISCOVERY MARKET

Our discoveries of the ring-pull tab opener and the retainable tab opener made cans tops in convenience and in beverage packaging. Discover the sales potential of this innovative top market!

GREATER DAYTON — 678,000 Adults
77% regular weekday readers*
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79% reach of Households with $25,000+ annual incomes**
18,000 scientists and engineers***

* 1983 Belden Springfield CMS, 1984 Paragon Dayton Survey; ** Dayton only, 1984 Paragon Survey; *** 1983, Ohio Data Users Center

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Discover what we can do for you. Call Leroy Smith at (513) 225-2086.

DAYTON/SPRINGFIELD NEWSPAPERS
Represented nationally by Sawyer-Ferguson-Walker Co., Inc.

spot with National's **Windsor Supreme,** the brand will receive a 23% boost in its current $15 million advertising budget next year. CC changed campaigns in mid-1983. The newer "Be a part of it" campaign is designed to appeal to all drinkers and not just those imbibing Canadian. The company has planned its market strategy using VALS (SRI International's Values and Lifestyles program), and targets this premium-priced spirit to upwardly mobile blacks and whites. It also has a separate segmentation system for different Hispanic groups, basing it on how long they have lived in the U.S. The overall budget breakdown gives 65% to magazines, the rest to out-of-home. The brand's promotion budget is about one-quarter of the ad budget.

Bourbon

Bourbon whiskey shipments declined 5.5% last year, according to *Impact,* leaving the category with a 12% share of the brown goods market. Industry leader **Jim Beam,** marketed by James B. Beam Distilling Co. of American Brands Inc., bucked that trend with a 2.5% rise in sales, to give it an 18% share of bourbon sales. About seven years ago, according to Lane Barnett, vice president-director of marketing and advertising, the company began a program "to divorce ourselves from the bourbon category." Jim Beam has tried to position itself as a general brown good ever since, appealing to a general audience. It, too, has adopted the mixability battle cry and last year went so far as to introduce Jim Beam and cola in cans. This year it is considering expanding on the theme with a premixed ginger ale and a lemon lime drink. The brand's marketing budget has been holding at around $3 million.

Captain Morgan Original Spiced Rum!
Captain Morgan
SPICED RUM

Captain Morgan is a rising star.

"Though we refer to ourselves *reverently* as a Tennessee sipping whiskey," drawls Allen Hovious, director of marketing coordination and communication for Brown-Forman's Jack Daniels brand, "We are largely grouped with the bourbon category." Within that category **Jack Daniels** ranked #2 with 3.7 million case depletions in 1984, putting it well ahead of the number-three seller, **Early Times.** That brand, which is also from Brown-Forman, sold 1.9 million cases. Jack Daniels' advertising expenditures rose from $4.9 in 1983 to $5.5 million last year, according to LNA (Early Times ad spending plummeted from $1.2 million in 1983 to roughly $390,000 last year). This year, Hovious says, the 1985 budget gives $5 million to magazine space and $1.5

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Of those 1.4 million households, 1 out of 3 have personally drunk or served vodka to their guests in the past 30 days. Of course, bourbon, scotch, gin, rum and Canadian blends are additional favorites when Home & Away readers entertain.

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DENVER · Douglas L. Nelson (303) 693-1548
National Advertising Director · J.D. Ayres (402) 390-1000

Source: Home & Away Subscriber Survey/March 1985
Mark Clements Research Inc./New York

An affiliate of AAA Midwest Magazine Network

SEAGRAM'S GIN.
"They say it's the number one gin in America.
They say you can taste the difference.
They say it's exceptional with tonic."
"They also say it's ...improving your vocabulary ...in body language."
Everything they say...is true.
SEAGRAM'S. AMERICA'S NUMBER ONE GIN.

New sexy campaign keeps its gin #1.

million to outdoor advertising. The spirit's target audience, he says, is "the gentleman," who he broadly defines as "a person comfortable among princes or thieves." Jack Daniels has run basically the same campaign since the 1950's, featuring black and white 2/3 page shots of the people of Lynchburg, Tenn. Though "gentlemen" may be the official target, women now make up about a third of Jack Daniels' consumers and the company is using its current ads in more women's books, such as *Working Woman* and *Ms.*, than ever before.

Scotch

Shipments of scotch tumbled nearly 9% between 1983-84, a figure that is close to the category's overall decline since 1970. Perhaps more than any other whiskey, scotch has suffered the most from changing consumer habits. The rather exclusive image it used to make it one of the most popular spirits faded as the baby boom generation began to try other liquors, realizing there were others you didn't have to learn to acquire a taste for.

Dewar's, the category leader imported by Schenley Imports Co., a unit of Rapid American Corp., defied the odds and saw its case depletions grow by more than 4% last year. LNA reports a Dewar's budget that shrunk from $11.2 million in 1983 to $10.4 million in 1984. The company says the 1985 budget is up 10% and that next year's will be increased, too. Its unusual marketing strategy is two-fold. First, to reinforce the loyalty of its heavy-user base — white and black men, primarily white collar, 45+ years old — Dewar's runs the "Legends" campaign. It features shots of the scenes and people of Scotland, complete with a short day-in-the-life story and a slogan that reassures: "The good things in life stay that way." But, mindful of the importance of luring new, young customers, Dewar's follows a strategy that defies the rules of Marketing-101. It runs a second, completely different campaign in the form of the well-known Dewar's profiles. The 15-year old campaign was updated in 1983, shifting away from people in professions consumers found hard to relate to — e.g. nuclear physicists — and more on achievers the company feels young professionals can identify with such as authors and film directors.

The two campaigns, both from Leo Burnett USA, are slotted to run in the same magazines, e.g. *Business Week, Gourmet, Life, New Yorker* and *Rolling Stone*. Though both are used with

BOSTON
MINNEAPOLIS/ST PAUL
DETROIT
FORT WORTH
DALLAS
CLEVELAND
NEW YORK
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PHILADELPHIA
SAN FRANCISCO
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Houston City Magazine • Louisiana Life Magazine • Manhattan, inc. •
Miami South Florida Magazine • Milwaukee Magazine • Monthly Detroit Magazine •
MPLS/St. Paul Magazine • New Jersey Monthly • New Mexico Magazine •
Palm Springs Life • Philadelphia Magazine • Pittsburgh Magazine •
San Francisco Magazine • St. Louis Magazine

Adult Per-Capita Consumption by Type (in gallons)

Type	1970	1975	1980	1981	1982	1983	1984E
Beer	30.70	34.70	36.8	36.8	36.20	35.80	35.1
Wine	2.15	2.74	3.2	3.3	3.29	3.33	3.4
Distilled Spirits	3.13	3.32	3.02	2.97	2.84	2.77	2.7

Source: Impact Databank ©1985

about equal frequency in general, some magazines are slotted for just one of the campaigns. "Legends," for instance, is the only Dewar's campaign you'll see in *Atlantic*, *Smithsonian* or *Personal Investment*.

While Dewar's is credited with a 14% share of its category, **J&B** scotch, marketed by Paddington Corp., a unit of Grand Metropolitan PLC, is close on its heels with a 12% share. The brand was the number-one scotch until 1982. The brand's advertising support closely held to its 1983 budget level of $6.7 million in 1984 and the company is sticking with its "It whispers" campaign for the near future, at least.

Clark Gavin Associates shows **Cutty Sark** and **Johnnie Walker Red** running neck and neck for third and fourth rankings. Last year Cutty Sark, imported by Whitbread & Co. PLC's Buckingham Wile Co. unit, dropped its three-year old "Leadership" campaign, featuring such notables as Ted Turner, in favor of one with the theme "Cutty and . . ." The campaign broke last October amidst company hopes that it would help turn around the 6.8% decline in volume the brand registered over the last five years. In a whiskey category known for its price-point jockeying, the company says it will avoid price promotions in the future.

"Young man, do you realize the street value of a 2-month old issue of SRDS?"

In addition, Buckingham is tripling the nearly $3 million 1984 budget in 1985, concentrating 85% of it on magazines.

Somerset's current Johnnie Walker Red campaign, new in 1983, suggests it "Stands out" and receives support in the $7-$8 million range. Promotions will get more emphasis in the future, with the budget split being on the order of 50% magazines, 20% outdoor, 20% promotions and the rest newspaper insertions. "With people more susceptible to switching brands," explains Richard Vreeland, senior vp/marketing, "I feel point-of-sale is more important than ever before if it's backed up by image advertising."

Distilled Spirits Industry Media Expenditures-'83-'84 (in millions)

	1984	1983	Change
mags.	$193.2	$205.7	−2.6%
newsp.	$ 76.2	$ 75.0	+1.7%
outdoor	$ 69.8	$ 69.5	+ .2%
TOTAL	$339.2	$350.2	−3.9%

down 3.9% overall

Sources: LNA & Media Records

Blends

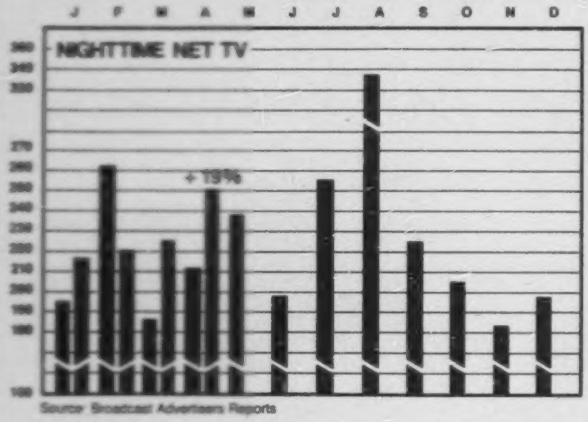
The blended whiskey category, with a 1984 market share of 7.4%, is paced by the overall third best-selling distilled spirit brand, **Seagram's 7 Crown.** While shipments for the category as a whole dropped about 3% in 1983-1984, 7 Crown sales declined 4%. This summer, the company launched a new, $15 million+ campaign through Warwick Advertising Inc. The ads play up its top slot, proclaiming it "America's whiskey." Its copy capitalizes on the patriotic sentiments currently sweeping the U.S.

Seagram also markets the second and third best sellers in the blended category, **Kessler** and **Calvert Extra.** Both brands receive substantially less advertising support than the standard-bearer and, though distributed nationally, have a strong regional emphasis to their strategies.

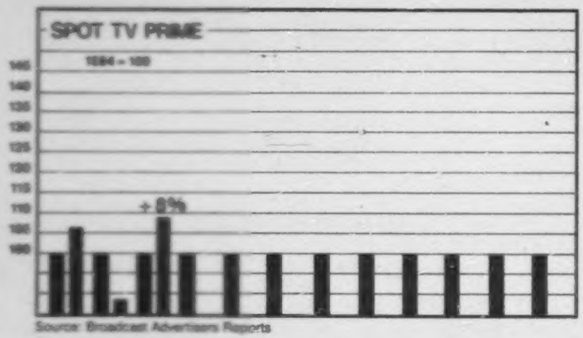
A separate report on specialties, brandies and cognacs will follow later in the year. *Carol Hall*

MEDIA COST INDEX

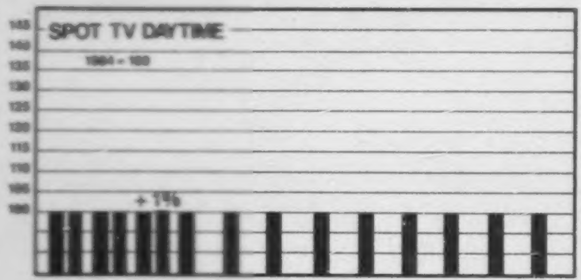
Black bars index for 1984; color bars 1985; base year 1977



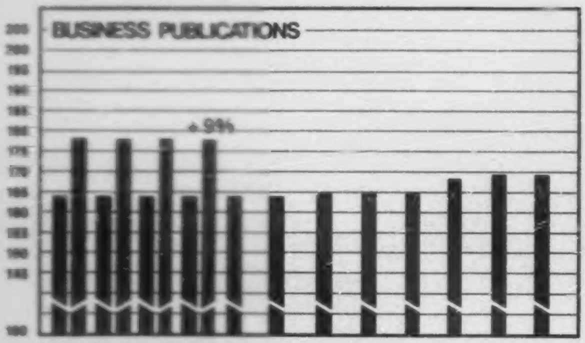
Source: Broadcast Advertisers Reports



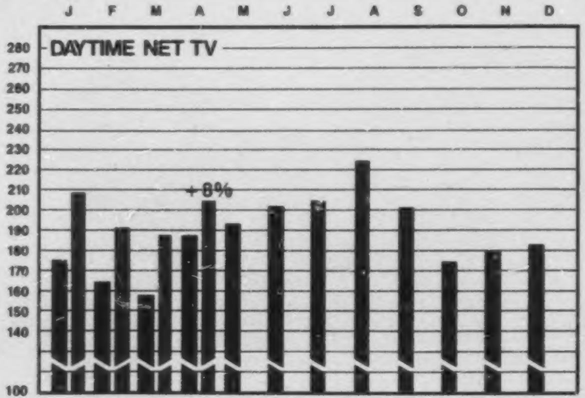
Source: Broadcast Advertisers Reports



Source: Broadcast Advertisers Reports



Source: Marketing & Media Decisions



Source: Broadcast Advertisers Reports

Compared with last month, the Decisions' Monthly Cost Index for April, with the exception of network television, has held pretty much the same.

Nighttime network tv showed a 19% increase over the same month in 1984. The cause: Observers close to the scene explain it as the infusion of an excessive amount of high-priced specials coupled with the NCAA basketball playoffs and finals. **Daytime network tv** reported only an 8% increase after posting monthly increases of 16% and 19% in the first quarter.

Business publications, which had been holding at +8%, showed a 9% increase in April, but this was mostly a function of rounding after a minor adjustment in rates.

In **outdoor,** the cost of an average panel went up slightly but not enough to make a change in the relative measure which remains at +7%.

One of the **national Sunday magazines** reported a slight upward change in rates, which moved the relative change up one percentage point to +11%.

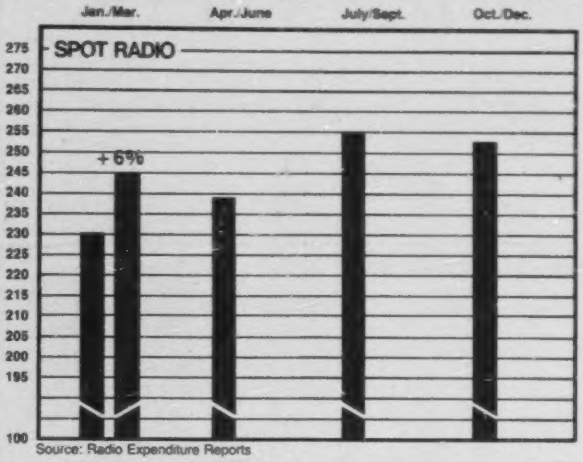
The **magazine** cost index, which reflects the cost of a four-color page in 40 magazines, is holding at +8%.

Network radio data are being compiled on a new basis which will include more networks than in the past. In addition to CBS, ABC and NBC, the new series of data will also cover Mutual and United Stations (formerly RKO). In all, 15 networks will be monitored; previously, only seven were covered. The cost trend in the first quarter is upward. With January indexed at 100, February is 104 and March 110.

For the second month, running data are not available for **newspapers,** but we have been promised that next month, data through June will be available. Spot radio is reported on a quarterly basis as is **spot tv.**

MEDIA COST INDEX (continued)

Black bars index for 1984; color bars 1985; base year 1977



Source: Radio Expenditure Reports

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

Sources:

Nighttime Network TV – Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV – Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio – Cost per average 30-second radic announcement from BAR's Network Radio Service.

Spot TV — prime and daytime – Cost per 30-second spot, Monday-Sunday from BAR's Spot TV Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in 40 national supplements.

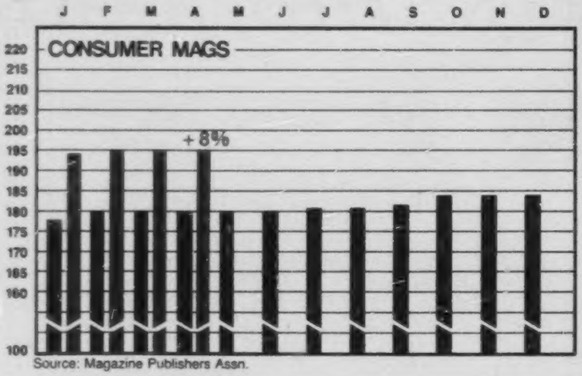
Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

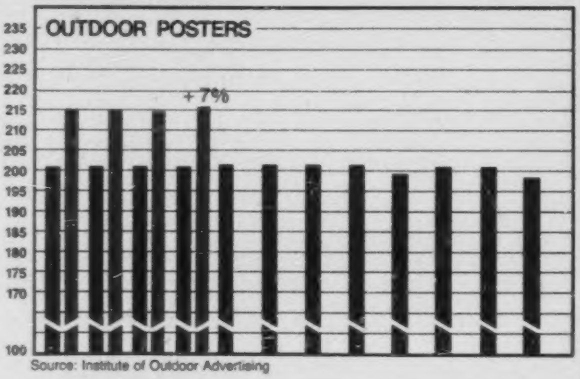
Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

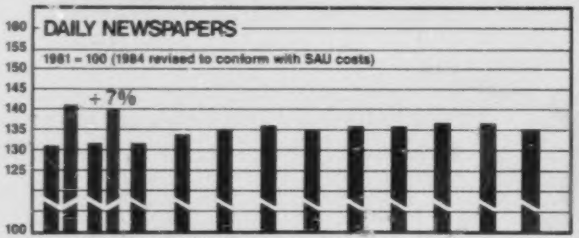
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.



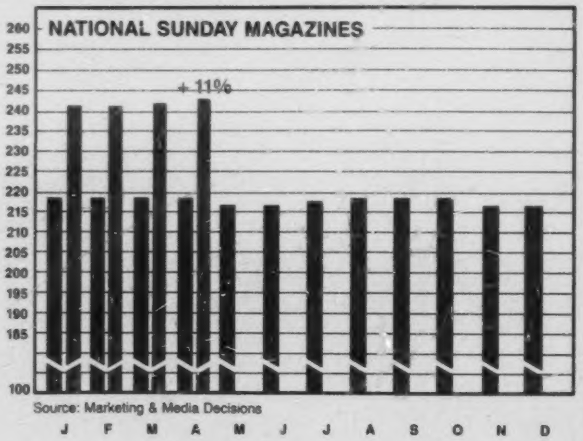
Source: Magazine Publishers Assn.



Source: Institute of Outdoor Advertising



Source: Newspaper Advertising Bureau



Source: Marketing & Media Decisions

INFLUENTIALS: *from page 60.*

Morning News outdraws *The Today Show* among *NJ*'s small sample, and the *CBS News with Dan Rather* and the *MacNeil/Lehrer NewsHour* are evenly matched far ahead of the other net offerings in the evening period. Among magazine-format news shows, *60 Minutes* is the strongest hour, followed by *Agronsky and Company*, *Washington Week in Review*, and *This Week with David Brinkley*.

These findings, while based on a small sample, mirror the results of a similar poll of administrative assistants (AA's), legislative assistants (LA's) and press secretaries conducted in 1983 by *Washington Journalism Review*.

The magazines and newspapers in D.C. take advantage of private mail services to have their publications hand-delivered to the powerful right off the presses. Rob Sennott, president of The Leadership Network, a group magazine buy of thought-leader publications (*Across the Board*, *Columbia Journalism Review*, *Commentary*, *National Review*, *Technology Review*, *The New York Review of Books*, and *The New Republic*), says President Reagan has his publications marked with a special code when he wishes to receive them unaltered — which leads to another problem in trying to reach the D.C. elite with advertising.

While most admit such efforts go unread in D.C., the public seems to pay attention to corporate ads. And they will be heard.

"The staffs in Washington are, by and large, the people who make the difference," admits *NJ*'s Sullivan. These are the people who distill down the reams of incoming materials to what they judge to be essential reading for their boss — and that may not necessarily include the issue ads. "Often, the AA's and LA's are the most important people to reach," agrees Sennott. And this audience represents a difficult group to pin down.

According to the Burson-Marsteller study, these staffers place newspapers, including op-ed pages, among the ten most effective means of communicating with them, even as they banish issue advertising to the bottom of the list. What's unmeasured to date — and what may, in fact, be unmeasurable — is the impact the ads have on a subliminal level by their mere presence amidst the all-important editorial.

Elliott remains convinced that the effect of Grace's issue efforts is far-reaching and at every level. "It's opened all manner of doors to us in D.C. and around the world," he concludes.

As Rob Sennott reiterates, "Very few people ever admit to reading advertising," making its impact, particularly in the area of national policy and legislation, very difficult to measure.

But, if responses to the efforts from the Business Roundtable, W.R. Grace and United Technologies are any indication, the public is reading these messages, even when they are not directly targeted at them. In this way, issue ad efforts to reach Washington may work after all, if through a very indirect, and American, way.

Terence Poltrack

August 1985
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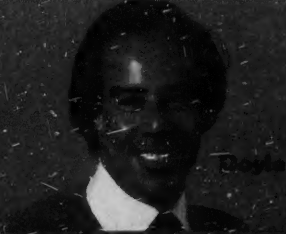

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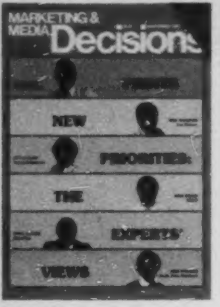
Doyle Dane Bernbach



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The compact disc, among other developments, is providing an opportunity for home electronics' manufacturers to update their image, and their marketing strategies, as they reach out to sell the latest tech toys to consumers. The goal is to fuel steady sales growth with something other than price cutting and fads.

Focus on . . .

The CBS/China tv picture
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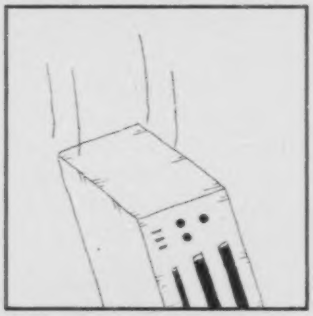

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FUTURES

Fast forward for home electronics

Technological innovations and new products will drive the consumer electronics industry into a period of growth over the coming years. Buoyed by the over 40% growth in pre-recorded video cassette rentals, VCR sales, and blank video cassette sales, the total home electronic entertainment and information systems market will grow an overall 20% through 1987, predicts a new report by market research firm Frost & Sullivan.

Though the market is comprised of mature products, says the study, innovative new products will enter the market, helping to stimulate consumer demand. Two examples of this are compact disc technology and stereo tv. (For a look at how marketers are positioning such products, see this month's brand report on page 125.)

Frost & Sullivan's study features the results of a comprehensive, nationwide survey of independent retailers of consumer electronics equipment. It assesses the trends and developments in each of six major market segments: tv's, other video products, audio equipment, home computers, telephones and video games.

For the major segments, the survey found these trends developing:

Televisions: relatively moderate growth is predicted for the color and large screen rear projection tv's, 20.1% and 17.7% respectively from 1984 through 1987. Weaker growth is expected for front projection tv's, and black and white tv's are projected to decline.

VCR's: The retailers showed great optimism for VHS-format VCR's, which Frost & Sullivan predicts will grow 41.7%, 1984-1987. The report projects that by 1988, VCR's will achieve a 38-40% U.S. penetration, up from the 1984 level of 16%.

Audio equipment: Though a mature sector of the consumer electronics industry, audio equipment will not decline over the near-term. Sales will be stimulated by new products, primarily digital audio discs. Compact disc players will show 33% growth, with audio/stereo components and systems growing 15.9% and radios posting +9.5%, 1984-1987.

The 341-page report includes forecasts for the six major product groups, and provides projections for the cable tv, satellite broadcasting and pay tv markets. Market share information is also given.

For more information, contact Customer Service, Frost & Sullivan, Inc., 106 Fulton St., New York, N.Y. Phone (212) 233-1080.

Women adopt the sporting life

Women's changing attitudes about themselves and what they can and cannot do have helped fuel a dramatic growth in the number of women involved in a wide range of sports activities.

American Sports Data, Inc., in a study commissioned by 25 major corporations and consumer magazines, found that women made up the majority of new participants in many of the sports covered in its questioning.

While they clearly dominate such activities as aerobic exercise, women are also making aggressive entry into such male-dominated sports as golf and basketball. Though only 26% of the total golf club, for example, women made up 46% of the group who took up the game within the past 12 months.

Participants or not, women have already made their presence known in the sporting goods marketplace. Women accounted for over 40% of athletic footwear sales in 1984, and matched that performance in the running apparel market. Of running shoe owners, however, only 30% actually run, a statistic matched by the apparel findings.

The annual study covered 41 different sports activities, 104 product categories, and media behavior on 62 publications. Findings are available on a custom basis from ASD, which is located in Hartsdale, N.Y. Phone is (914) 472-8877.

1984 ADULT SPORTS PARTICIPATION

	Participated at least once in past 12 months	Participated all year long	Female participation: % Total	Female participation: % New participants*
Aerobic dancing	22,236,000	4,083,000	85%	81%
Aerobic walking	27,674,000	8,046,000	66	77
Basketball	20,965,000	2,052,000	27	53
Bicycling (fitness)	25,000,000	4,224,000	55	70
Golf	18,219,000	2,496,000	26	46
Physical conditioning (Aerobic Equipment)	25,320,000	5,655,000	56	65
Racquetball	10,113,000	1,541,000	35	49
Running/jogging	26,570,000	4,786,000	47	57
Softball	25,999,000	1,247,000	37	53
Outdoor tennis	16,733,000	1,530,000	39	53
Weight training	26,046,000	7,447,000	36	63

* Began participation in last 12 months

Source: American Sports Data, Inc.

NEW ELECTRONIC MEDIA

Cable's reach into the top markets

According to Paul Kagan's 1984 year-end tally, cable now has 14.4 million subscribing homes in the country's largest tv markets, which translates into a 35% penetration in the top 25 ADI's. This increase reflects an 11.3% jump over 1983, with some cities such as Chicago, Boston, Detroit, Minneapolis/St. Paul and Baltimore seeing a 20% boost during 1984.

This penetration can be matched against cable's current reach in these all-important areas. Cable is available now in more than 66% of all 41.7 million tv homes in the top 25 broadcast markets, which is an increase of 9.6% in homes passed when compared to 1983. With the 11.3% increase in cable subs in that same universe, at least part of the gain can be attributed to the medium's merits rather than simply to new plant miles constructed. These stats should back up cable's case for itself on Madison Avenue.

Home banking with national interest

The AT&T, Bank of America, Chemical Bank, and Time, Inc. venture to market nationwide financial services will launch later this year with its first offerings, operations of Bank of America's HomeBanking and ChemBank's Pronto computer banking services. The new company (its new name will shortly be announced) intends to actively recruit other financial service providers to offer their plans and to distribute the packages offered by other companies. The partners expect to spend two years working on the on-line services, which will target consumers and small businesses, and anticipate separate telebanking packages.

For the venture, AT&T is unveiling its "13000 Video Transaction Terminal," an ASCII-only device which can be used as a low-cost home terminal by the subscribers. This terminal is the first planned in a series of low-priced models. Manufactured by the Japanese electronics firm Sharp, the AT&T 1300 is the size of a portable typewriter and will cost under $300. Code-named "Videoteller" during in-house development, the unit has a full keyboard, an integrated 300 baud modem, and 12 custom function keys. Sharp's role in building the AT&T unit may pose interesting future prospects, particularly with Sharp's new relationship with RCA. The low-priced terminals may be used in the videotex project under development by the RCA-Citicorp joint venture as well.

Cable Penetration in Top 10 ADI's
(from Kagan Census survey ended 12/31/84)

ADI Rank	PK Cable Rank#	Market (ADI)	'84 Tot. Cable HH	'83 Tot. Cable HH	1984 Homes Passed	1983 Homes Passed	1984 Total TVHH	1983 Total TVHH	1984 Cable Pen. As %-TVHH	1983 Cable Pen. As %-TVHH	'84 HP As % of TVHH	'83 HP As % of TVHH	% Inc. Cable HH Pen. '83-'84
			(mil.)	(mil.)	(mil.)	(mil.)	(mil.)	(mil.)					
1	1	New York	2.12	1.95	3.93	3.75	6.57	6.47	32.4%	30.2%	60.0%	57.9%	8.9%
2	2	Los Angeles	1.20	1.08	2.82	2.60	4.37	4.32	27.5	25.1	64.6	60.4	11.0
3	7	Chicago	.65	.50	1.30	1.01	3.02	2.97	21.5	17.1	43.1	33.9	28.0
4	3	Philadelphia	1.03	.05	1.83	1.79	2.53	2.49	40.6	38.3	72.3	71.9	7.8
5	4	San Francisco	.91	.90	1.68	1.65	2.05	2.03	44.4	44.4	81.9	81.3	1.4
6	5	Boston	.87	.66	1.66	1.25	1.94	1.93	44.6	33.9	85.2	64.7	32.1
7	15	Detroit	.45	.34	.90	.69	1.65	1.64	27.3	20.9	54.4	41.9	31.1
8	10	Dallas/Ft. Worth	.50	.44	1.14	.97	1.51	1.45	33.3	30.0	75.5	66.7	15.0
9		Washington, DC	.28	.26	.53	.45	1.50	1.52	19.0	16.8	35.8	29.8	11.0
10	14	Houston	.46	.44	1.11	1.04	1.44	1.40	32.1	31.4	77.0	74.2	4.9

Source: Reprinted from The Kagan Census of Cable and Pay TV *with permission from PKA.*

HOMEWORK

Prices Yuppies Are Willing To Pay

	Baby Boomers		General Population
	Yuppies	Non-Yuppies	
Automobile	$11,680	$9,560	$10,080
Man's Business Suit	$177	$124	$146
Cocktail Dress	$129	$88	$114
Watch	$98	$56	$84
Dress Shoes	$49	$37	$44
Bottle of Wine	$13	$8	$8

Source: Market Facts

The yuppie way of thinking

Being a yuppie is more a state of mind than having a fat wallet. Half of the baby boom generation (those born between 1945 and 1960) think and act like young upwardly-mobile professionals, but fewer than one in five meet the financial criteria.

Yuppies, however, are an optimistic lot that expects much out of life and works hard to achieve its goals, according to a study by Chicago-based Market Facts, a market research firm.

That makes yuppies a retailer's dream, according to Market Facts vice president Larry Labash, who directed the study. They not only buy more consumer products, they are willing to spend more for them than both the non-yuppies and the general population.

For example, they would pay as much as 75% more for a watch than non-yuppies and nearly 50% more for a woman's cocktail dress. Similarly, yuppies would pay an average of $11,680 for a new automobile, or better than $2,000 more than non-yuppies and some $1,600 more than the general population. And more than 25% of yuppie families have Japanese or European cars — twice the number owned by their age-group counterparts.

The foods they eat also differ. You won't find many yuppies savoring bologna, instant potatoes or pre-sweetened cereals. Croissants, fresh coffee beans and imported wines and beer are more their style.

Yuppies are further distinguished by their higher-than-average use of credit cards, automatic teller machines, personal computers, financial planning services and merchandise catalogs.

The study also showed that there are different kinds of yuppies. One group is the "urban sophisticates," who are big-city oriented, have liberal ideals and who enjoy shopping. "Entrepreneurs," on the other hand, are more interested in making money than spending it.

The inclination of yuppies to buy more and better things reflects an average income of $37,000 compared to an average of $21,400 for other baby boomers and $26,900 for the general population.

Market Facts' study is based on interviews with a national sample of 1,385 consumers, including 412 baby boomers.

The changing frozen food menu

Consumers are eating nearly four times as many "gourmet" frozen dinners as they were a year ago, despite a mere 2% increase in frozen foods as a whole. The dramatic growth in these premium brand products is being fueled by young singles, one-person households and two-career couples. "Busy families" consume nearly 35% more premium dinners than "traditional," one-career households, and singles eat three times the national average.

These are some of the latest findings from a comprehensive study tracking frozen food consumption, just published by MRCA Information Services in Stamford, Conn. Its "frozen foods trends" report queried 5,446 people in 2,000 households, and correlated their food choices with such factors as age, income, region, and family size.

The report notes that ethnic entrees have captured the frozen food market among young singles, who eat five times as much lasagna and burritos in this form as the rest of the nation. Pizza, however, is a favorite among larger, "traditional" households, defined as those in which the homemaker works less than 20 hours a week outside the home. Six- to 17-year-olds are the biggest frozen pizza eaters.

Traditional families are eating such staples as pot pies, fish sticks and chicken dinners, while "busy" families, those with two adults working full-time or a single parent, favor premium brand dinners and entrees. Frozen entrees are eaten much more often on week-day evenings than on weekends. Surprisingly, 23% of all frozen dinners and entrees are eaten at lunch time.

Men and women are equal consumers of frozen products, the study finds, but their preferences vary. Women, for instance, eat more than twice as many ethnic dinners as men, while men eat almost twice as many salisbury steak dinners.

The report also notes that growing in popularity are specialty breads, beef patties, chicken patties, lasagna, and french fries.

For further information, contact David Fencl, publisher, special topic series, MRCA, at (312)-480-9600.

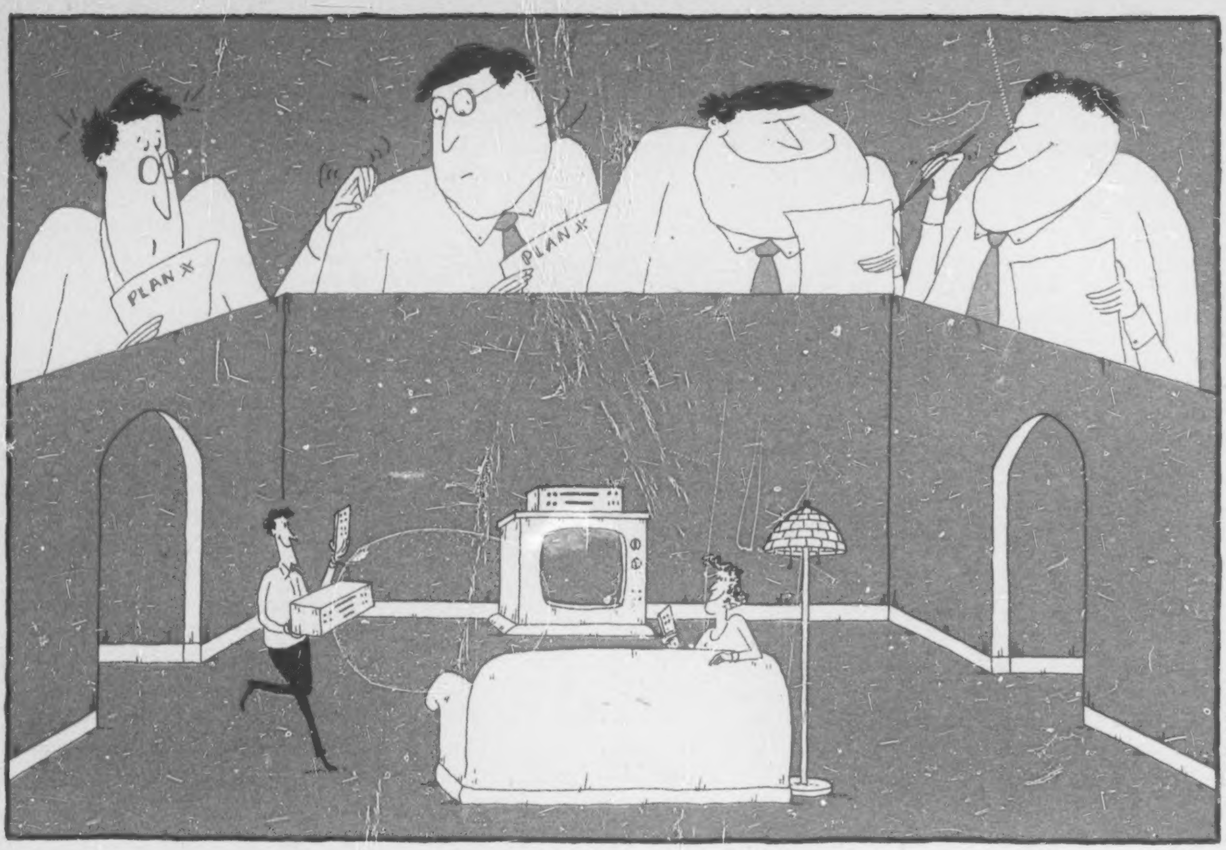


Illustration by Mark Ksensak

VCR's: The saga continues

In this episode, we confront the questions that haunt the ad community. Will "critical mass" penetration mean more opportunity for advertisers? Will new VCR users further confuse tv viewing patterns? Will advertisers effectively integrate VCR's into their strategic planning?

When we last saw Ron and Suzi (M&MD, September 1984, *VCR's: ogre or opportunity?*), the couple was spending a leisurely Friday evening viewing their favorite programs for that week, zapped clear of commercials. Ron and Suzi have since become another statistic.

"We never thought we'd do it," comments an astonished Ron.

Suzi adds, "But it's given us a lot more freedom."

Indeed, Ron and Suzi have since become a *two* VCR family, and have joined a group which now accounts for 8% of the approximately 19.9 million VCR households. How Ron and Suzi are using their VCR's is surprising not only to our pioneering couple but also ad agencies, advertisers, home video manufacturers, cable operators, programers and analysts whose assumptions about penetration levels and usage are continually being revised.

"It hasn't gotten to a point where the picture is clear cut," says Paul Lindstrom, vice president of Nielsen Homevideo Index, which prepares syndicated and custom research on new media technologies. "With VCR's

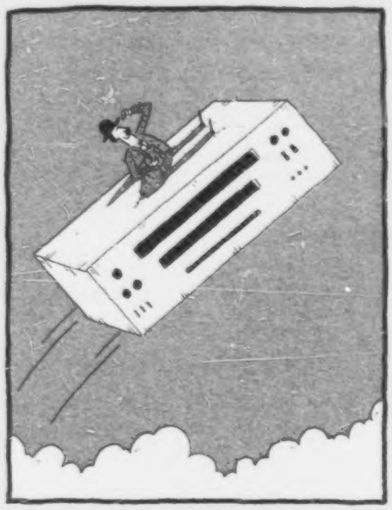
The British scene: Is the VCR rage over-rated?

If the British experience is any guideline, videophobia may well be unwarranted. To those in the U.S. media community wondering just how high up is regarding video cassette recorder usage, and its impact on television, movie and software publishing, a look at the British scene may be either sobering or encouraging. On that isle, interest in VCR's has plateaued and software producers and distributors are feeling the pinch.

Britain once looked to be the world's top video nation. About 86% of the 20.9 million British homes have a color "telly" and, starting in the late 1970's, began installing VCR's at a healthy clip. The reasons for this are many and fairly logical. Television programing is not as varied as in the States and there are only four stations to choose among. Meanwhile, movie theaters are not nearly as plentiful outside of the major cities and are relatively expensive. These factors, plus others, such as England's often poor weather and easy hardware and software rental terms, made VCR's an attractive home entertainment tool.

The penchant for VCR's was further plumbed in 1981 when Prince Charles married Lady Diana. The wedding hoopla set off an explosion of VCR and blank tape usage. By 1982 there were two million units in British homes, compared with 275,000 in 1980 and 107,000 in 1979. The machines even got people to change their purchasing habits. Instead of renting the hardware (tv is a big rental business there) British consumers began buying VCR's outright.

With that kind of enthusiasm, one could hardly pick up a paper without reading about another publishing or film company, newspaper or broadcast empire media personality or high-flier opening a business to create prerecorded titles. The talk at new media conferences was about how London — geographically well-placed and English-speaking center of technical talent with fine facilities houses — would be crowned video capital of the world. It was said video entrepreneurs would shatter the cozy duopoly shared by the state-run BBC and commercial ITV companies. "We thought it would bring something new to the screen," recalls Andrew Quinn, managing director of the cable and satellite subsidiary of the Granada Group, the tv company that produced "Jewel in the Crown."



There were 275,000 VCR's in British homes in 1980. Today, there are 7 million, or 35% of all tv homes.

The British advertising industry was also extremely concerned with the emergence of video. On one hand, they worried that regular commercials would be killed by the new medium, because zapping would undercut their effectiveness. On the other hand, they saw video offering new opportunities for advertising. "Everything seemed possible, from putting ads on prerecorded cassettes through creating video brochures to making sponsored cassettes," says Toby Syfret, head of new media at the London office of J. Walter Thompson.

Although a full 35%, or seven million British homes, already have a unit, the scenario has not gone according to script. Where prerecorded materials were expected to be the main draw — and were for a while — people then eased off on this type of entertainment. They started to tape series and programs from television instead. But then they forgot about the programs and wiped them off with other taped programs they most likely didn't watch either.

What the British experience suggests is that video is merely an add-on facility — and one not likely to revolutionize communications and habits. Today, for example, the local video shop is no longer the guerrilla of the High Street but an established venue nestled between the fruit and vegetable shop and the pub. Retailers like Steve Lambert of Video City, a software rental store in London, know they can count on a broad customer base — but a much less active one. "People used to take out three to four cassettes a week. Now it's about three a month," says Lambert.

The larger picture confirms how a slowdown happens when the novelty wears off. Hardware sales peaked at 2.2 million in 1983, then fell to 1.5 million in 1984. Even the Olympic Games couldn't budge them. This year's figure is expected to stay at the 1984 mark. But both manufacturers and retailers know it's going to be hard to win over the unconverted. "Their needs are not as avid as those who got on the video bandwagon at the start," notes John Bird, a consultant with MacIntosh International, a UK consultancy with specialist knowledge of this sector. Says Leslie Gunde, head of statistics at the British Radio and Electronics Equipment Manufacturers Association (BREMA): "It will take until the 1990's to get 60% of British homes."

The brake on hardware sales began with the agreement signed in

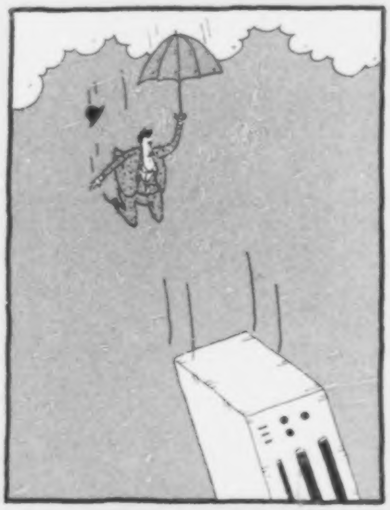
1983 between the European Economic Community and Japan, which limited VCR imports into Britain and also set a price floor in British shops for the machines. Also holding back the video revolution was uncertainty about which video format to choose from — JVC's VHS, Sony's Betamax or Philip's V2000 system. Then there were piracy problems — London was the world's headquarters for counterfeit videos and the rash of "nasties," uncensored horror and sadism cassettes such as "SS Experiment Camp."

But the public's habits have a lot to do with why the video revolution has so far failed to deliver the rich market for entertainment the British can produce. This emerged from research done by Audits of Great Britain, survey specialists who compile television ratings for the networks through the Broadcasters' Audience Research Board (BARB). It was undertaken in late 1983 after the networks and advertisers got worried by the apparent slump in their ratings and wondered whether video was to blame.

Ironically, video was not a culprit. The actual use of video was much less than expected — only six hours out of the traditional home's 37 weekly television viewing hours are taken up by video. And when the VCR was tuned on, time shifting was its usual purpose. About 3.7 hours out of the 6.0 hour VCR usage total was spent time shifting programs. However, out of every 100 programs recorded, 13 were never played back. Also surprising was that movies were not the big attraction that people thought: The most often played programs were British television series.

This helps explain the shakeout that began in late 1982, and has hit independent producers and distributors. In the last 12 months, there has been a 15% contraction in production and distribution companies, according to Norman Abbot, director general of British Videogram Association. What is everyone watching then, if not VCR materials? No one seems to know. Film attendance is up slightly, but that may be due to its being "British Film Year," and that some cinemas are offering reduced ticket prices in areas of high unemployment.

It's not surprising to realize then the networks have learned to stop worrying and live with video. One assurance is a change in how the viewing figures are compiled: From June on, BARB has included viewing via VCR tuners, which is expected to raise viewing figures by up to 3%. In fact, the television industry's concerns have moved to other matters. "Our biggest headache now is whether the BBC gets advertising," says Granada Group's Quinn, referring to a government committee just set up to review the BBC's funding. "They reach 20 million homes and would certainly get advertising from us."



Even with the Olympics, hardware sales fell to 1.5 million in 1984 from a 1983 high of 2.2 million.

And what about the advertising industry? A commonly held view now is that video is the medium that forgot about the advertiser. J.W.T.'s Syfret attributes this to the lack of sound audience research, and the poor quality control for in-store and hotel videos. "Prerecorded videos, with their low audience viewing, represent a media buy that is worth less than it costs you to make," says Syfret. Still, he remains enticed with the concept of sponsored programs, seeing these as a direct method to be included in a promotion package.

There are others who still see promise in video. For one thing, the commercial use of video cassettes and discs is becoming an integral part of UK business life. Banks and county councils are among those who use video in education, marketing, sales and other activities. Some companies now make their annual report available on video, or make videos of their staff's annual general meetings.

Others believe that specialized video is where the action lies, targeting prerecorded cassettes to minority audience groups. No matter that there have been sponsored videos, such as the cigarette company Rothman's "World Cup 1980-1982," a made-for-video mail-order compilation documentary on soccer that included rare film footage of historic games. However, like most of these made-for-video cassettes, it didn't make a huge splash. "Nobody has properly marketed these special interest videos," claims Brian Norris, former London-based lawyer of the Motion Picture Export Association of America and now head of Multimedia Management, a distribution and production company, who's planning to have a crack at it.

Who knows if British boardrooms will produce a swag of sponsors to underwrite original videos. Chances are they won't, and that video will continue to be just another way of watching the same old stuff. Life in the post-video revolution era is just about the same as it was in prerevolutionary times. In the end, perhaps, common sense should have told us that. Ralph Waldo Emerson wrote over a hundred years ago that nothing astonishes men so much as common sense. That is still true.

Isabel Bass

there are beginning to be some rules of thumb emerging. But we can't do much more than take some logical guesses and make some hypotheses."

Lowering of prices, increased software availability and the aftraction of recording programs for view at more convenient times has upped VCR penetration from 10% last year to a current 23.3% of the 85.3 million tv households. First-half VCR sales topped 4.7 million units, 64% above the first six months of 1984, according to Electronic Industries Association figures. EIA's Consumer Electronic Group has increased its predictions for installed VCR's this year to 11.5 million, as compared with 7.6 million last year. In 1984, the EIA projected 9.5 million units would be sold this year. Factoring out projected totals for institutional purposes as well as multiple units/homes, Paul Kagan Associates revised its VCR penetration projections from 7.8 million to 9 million homes this year, bringing the cumulative saturation to 26% by year-end.

With VCR penetration fast approaching the "critical mass level" (30-35%), speculation as to the impact of the technology abounds. Some media watchers say critical mass could precipitate a wealth of promotional and advertising opportunities for marketers and the potential for a complementary synergy of media. One innovative cable company, Jones Intercable, for example , has begun to offer rental VCR's to its subscribers as a sign-up and usage lure.

Contrary to speculation, VCR's don't choke off pay cable growth. A healthy compatability exists between the two entertainment sources.

Others say critical mass could also lead to a continued potential loss in network ratings, lost exposure for advertisers, and further problems in accurate measuring. Then there are those analysts who scoff at the notion of critical mass, saying that measurement ability does not apply to VCR's as it did to cable tv in its early days. And still others tag VCR's as simply another entertainment option which will get a piece of existing audience levels but not so much to pose a serious threat, nor a blue-sky opportunity.

Where there is agreement though is that it is retail price breakthroughs that have made VCR's so popular with all kinds of consumers. Giving a boost to manufacturers' and consumers' embrace of the machines has been the January 1984 court ruling that found federal copyright laws were not violated by home taping of tv shows. With this concern effectively removed, manufacturers and consumers moved to flood the marketplace.

The rapidity of the price cuts has surprised experts. Kagan had estimated that unit prices would drop another 15-18% this year, with shipment volume expected to rise by one million, to 8.5 units. But the increased number of units from Japan and other Far East countries has caused prices to erode faster than anticipated. Kagan accordingly has revised his projections, saying prices will drop 25% this year, dipping the cost of an average unit from $524 in 1984 to $400 by this Christmas. Wholesale outlets in New York and Los Angeles now regularly advertise Beta-system models for $250-$275 and playback-only units from Korea are expected in at $99 a unit.

Added to price breakthroughs are greater availabilities of software (pre-recorded cassettes). Home video was a $754 million business last year, large enough to vie with pay tv as a source of nontheatrical revenue. Indeed, home video manufacturers and distributors have gotten large enough to advertise themselves on tv. For instance, MGM advertises "Gone With the Wind" and Disney is pushing its "Golden Editions" on the tube.

While sales of pre-recorded cassettes reached about 20 million last year, rentals are an even bigger business. Nielsen's VCR study recently showed that in October, November and December 1984, 78% of total VCR households claimed they rented within the last 12 months. In comparison, 75% of VCR households in 1983 said they never rented. Only 22% of the total VCR households claimed they purchased cassettes in 1984.

Pre-recorded cassettes, particularly movies, are readily available in specialty stores and are appearing in bookshops, supermarkets and even movie theaters. This increased competition at the retail level has spurred lower prices for overnight tape rentals. The average rental price of cassette rentals decreased from $2.79 in 1983 to $2.46 last year, with price cuts continuing.

Such penetration increases are forcing advertisers, agencies, and programers to a crossroads vis-à-vis

Total U.S. Market Statistics
Sales to Retailers June 1985 vs. June 1984
(In Units)

Television	June 1985	June 1984	Percent Change	Year-to-date 1985	Year-to-date 1984	Percent Change
Color	1,574,730	1,388,178	+13.4	7,398,103	7,300,281	+ 1.3
Monochrome	373,742	444,915	−16.0	1,641,604	2,188,414	−25.0
TOTAL TV*	1,948,472	1,833,094	+6.3	9,039,707	9,488,695	− 4.7
Projection tv	23,886	19,504	+22.3	100,511	78,073	+28.9
Home VCR	980,221	625,238	+56.8	4,734,327	2,910,913	+62.6
Color Video Cameras	48,787	35,734	+36.5	211,991	192,181	+10.3

Information contained in this table reflects total market statistics for products produced and/or sold in the United States regardless of the brand name or country of origin.

* Excludes projection television

Source: Electronic/Industries Association

10-Year Projection of VCR Units in U.S. Homes

Year	VCR Shipments to Dealers	Sold to Institutions[1]	Replacement of Obsolete VCRs[2]	Multiple-Set Factor[3]	Annual New VCR Homes	Cumulative VCR Homes	Percent Increase	TVHH[4]	VCR Homes % of TVHH
	(mil.)	(mil.)	(mil.)		(mil.)	(mil.)		(mil.)	
1985	11.0	.550	.736	1.05%	9.251	23.290	+66%	85.0	27.4%
1986	11.0	.770	1.187	1.10	8.221	31.511	+35	87.0	36.2
1987	12.0	.960	1.738	1.15	8.088	39.600	+26	89.0	44.5
1988	12.0	1.100	2.368	1.20	7.127	46.726	+18	91.0	51.3
1989	10.0	1.000	3.137	1.25	4.691	51.417	+10	92.5	55.6
1990	10.0	1.000	3.733	1.30	4.051	55.468	+ 8	94.0	59.0
1991	10.0	1.000	4.281	1.35	3.496	58.964	+ 6	95.5	61.7
1992	10.0	1.000	4.612	1.40	3.135	62.099	+ 5	97.0	64.0
1993	10.0	1.000	4.716	1.45	2.955	65.053	+ 5	98.0	66.4
1994	10.0	1.000	4.785	1.50	2.810	67.863	+ 4	99.0	68.5

[1] VCRs purchased for non-consumer market (hospitals, offices, schools, stores, government, etc.).

[2] Derived from PKA formula assuming 1% of each year's shipments become obsolete in their second year of life, increasing by 1% each year thereafter. (Thus 1% of 1985's shipments are obsolete in 1986; 8% more of 1985's shipments are obsolete in 1994; 45% of all 1985 shipments are obsolete by 1994).

[3] The average U.S. VCR home is assumed to have 1.05 VCRs in 1985, 1.5 VCRs by 1994.

[4] U.S. TV households.

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strategic planning. With so many unknowns, yet with VCR penetration so obviously an issue to contend with, advertisers and agencies now place VCR's as a strategic planning concern and not solely as a research issue.

Young & Rubicam Inc. contends that the impending attainment of a "critical mass" level will make the technology a mass medium, and a medium attractive to advertisers. Susan Bahr, manager of Y&R's New Electronic Media Group, says, "Consumers are using VCR's to watch tv differently. Having an audience base of consumers with diverse needs could give a range of advertisers various opportunities." Y&R projects that by 1990, sold cassettes will represent 25% of total transactions. "What that means to advertisers is greater frequency of program viewing, and if approached creatively, advertiser association," says Bahr.

The sticking point of course is how to get the advertisers message across. VCR owners have become notorious for fast-forwarding or editing out commercial breaks. "The challenge," admits Bahr, "is to make advertiser entries in an non-intrusive manner." she adds, "Until now VCR's have been something we've been watching and trending. But now that it's reaching mass medium proportion and usage patterns are emerging, we have a better leg to stand on. The timing is becoming more opportunistic for advertisers."

Nielsen's Lindstrom, however, argues that the critical mass theory does not apply to VCR penetration as it did to cable. "VCR's are not like cable which had to reach enough homes to be worthwhile thinking about," he claims. "Critical mass in terms of VCR's means at what point will home video become an important part of motion picture revenue streams." He further believes that in contrast to the theory that mass means higher use, "the more people you bring in, the more marginal are those new users," he says. He points out that the early adopters of VCR's tended to watch more tv than non-VCR-equipped households. These people, he suggests, are those who are more involved with tv viewing than the general population. "The heavy users of tv, those who impact viewing levels, are reached now. Those people you bring in because you've rolled back price levels are those who won't make a great impact on viewing. It's almost at the point now where it's the worse it's going to be in terms of impact."

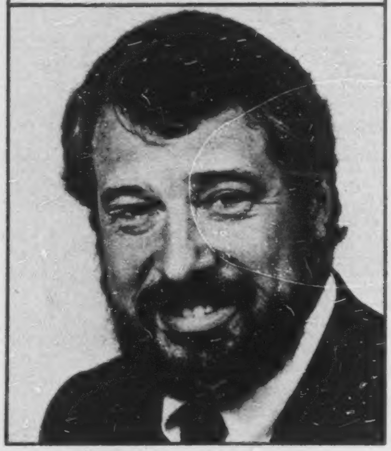
Agencies are tight-lipped about their strategies for VCR ads. But execs concur there must be a value-added element for VCR entry.

The consumers who are currently the heavy VCR users are prime targets for advertisers. Nielsen stats show that 91% of VCR households earn $20,000 plus. Moreover, according to last year's survey, 45% of male heads of VCR households were college grads, as compared with 34% in 1983, while female college grads in those households stood at 33%. The trick is how to take advantage of the opportunity VCR's afford without turning off the consumers.

Continued on page 156

AS THEY SEE IT

MEDIOLOGY
By ALLEN BANKS
Executive vp, director-marketing services, Dancer, Fitzgerald Sample, Inc.



Is bigger better?

Television is a marvelous medium. It sells products and services and creates myths that die hard. Consider these:

"Quality audiences can only be found on affiliate stations."

"News programs always deliver an upscale audience."

"The top twenty ranking programs are the better buy."

If a myth is fictitious, contrived, and unfounded, it often crumbles under careful examination.

For example, television viewing is program, not channel oriented, and one is as likely to find a quality audience viewing on an independent as an affiliate.

Looking at news program audiences, one finds that depending on the time of day, news can be young or old, upscale or downscale.

Finally, in a time of declining network performance and high new program mortality, simplistic solutions that call for the purchase of specific programs solely because they rank among the top twenty continue to be requested. But is it a myth? Will it, too, fall apart under close analysis? Or is it a sound buying principle?

When looked at as a group of programs, as compared to the average of all prime time shows, the higher rated ones:

1) Provide some marginal benefits in the areas of visibility, composition, upscale appeal, attentiveness, light viewership, loyal viewership, and rating predictability.

2) But there are areas showing no difference: reach and frequency, recall, channel switching, and program impact.

3) And there are limitations as well: the exclusion of new programs and, potentially cost.

First, what are the benefits in buying only high rated programs? (For purposes of this analysis, and unless otherwise noted, "high rated" programs are those ranked #1-20 among women 18-49 this past February. All analyses were repeated at least once.)

Working from the qualitative to the quantitative:

- Visibility: On average, high rated programs tend to be the ones everyone has heard of, and so may be easier to promote and more likely to generate excitement among a client's dealers or franchisees.
- Composition: On average, top rated programs deliver a slightly higher concentration of women 18-49 and working women relative to total women; that is, they do a better than average job of maximizing the target audience and minimizing waste.

	Total Women	
	% 18-49	% Working
Top Rated	60%	40%
Average	58	38

NTI/Feb. 85

However, five programs on the list — *Dallas, Knots Landing, Simon & Simon, Hotel,* and *Highway to Heaven* — performed below the average prime time show in emphasizing these targets. Furthermore, shows such as *Miami Vice* and *St. Elsewhere*, lower rated but more targeted, would not have been included in the definition "top rated."

- Upscale appeal: On average, the top twenty programs deliver a higher proportion of their women 18-49 in pay cable and upper income homes.

	Women 18-49 Rating Index		
	Pay Cable	HHI $30+	HHI $40+
Top Rated	(103)	(98)	(95)
Average	(92)	(94)	(90)

NTI/Feb. 85

The skew was especially pronounced this year as NBC, always relatively strong among upscale viewers, assumed absolute rating strength as well. However, the range of indices was considerable, and not all highly rated programs performed well against those upscale women. For example, *Simon & Simon, The A Team, Riptide,* and *Remington Steele* did not index well among pay cable women 18-49, while *Knots Landing, TV Bloopers,* and *Highway to Heaven* fell down in upper income households.

- Attentiveness: On average, based on total women ratings, high rated programs show slightly higher attentiveness than the average of all programs.

	Women in room paying full attention	
Top Rated	72%	(104)
Average	69	(100)

SMRB 1984

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Harvard Business Review

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There is, however, considerable variation by program, ranging from a low of 52% (*TV Bloopers*) to a high of 88% (*Dynasty*).

- Light viewers: On average, top rated shows based on total women deliver a higher percentage of light viewing women, but again the range is significant, from 13% for *Newhart* to 26% for *Three's Company*.

Women in Quintiles IV and V		
Top Rated	18.2%	(105)
Average	17.4	(100)

SMRB 1984

- Loyal viewers: On average, high rated programs have a higher concentration of loyal viewers — those reached 3+ times over four episodes. The range here is from 10% for the *ABC Sunday Movie* to 53-54% for *Dallas* and *Hotel*.

Of total reached % reached 3+ times over 4 episodes		
Top Rated	38%	(127)
Average	30	(100)

NTI, Feb. 85

This relationship seems to hold even when the program type variable is eliminated. For example, top rated comedies have a higher concentration of "loyal" viewers than other comedies. The value of a "loyal" audience, has yet to be conclusively established.

Predictability: On average, top rated programs deliver ratings that are closer to estimates than the average. Not surprisingly, given their established track records, these shows are somewhat easier to estimate. Once again there is considerable variation by program.

Beyond these marginal benefits, several areas show no difference between high and average rated programs.

- Average 4-week reach and frequency: Keeping the budget constant, there is no difference in W18-49 reach or frequency between the top twenty programs versus an average.

Average 4-Week W18-49 R/F/GRP	
High Rated	77.8/2.9/222
Average	77.3/2.7/211

DFS estimates

- Recall (1): Burke data show no difference in recall based on program rating.

Recall among women	
High Rated	23%
Average	24

Burke

- Recall (2): Based on Gallup & Robinson, program rating appears not to unduly influence commercial recall.

Relative recall index, adults	
High Rated	97
Average	100

G&R 1967-70, 1974-77

- Channel switching: According to Nielsen's February 1985 study of channel switching, the share of switch-outs during commercial minutes in high rated programs is the same as the average for all programs.

% switching out during commercial minutes	
Top Rated	2.3%
Average	2.4

NTI, Feb. 85

- Television audience assessment: TAA's pilot study found that programs with high impact ratings are more likely to increase the receptivity to commercials. However, no significant relationship between the size of a program's audience and its impact was found.

Finally, are there limitations in buying only top rated programs?

- New programs: Since new programs tend to be estimated more conservatively by both agencies and networks, it is unlikely that new programs will appear in a package of top rated shows. Yet new programs are the lifeblood of television, and every successful series began as a new series. Furthermore, these shows can be highly visible and receive considerable media attention. Just this past season, think of all the publicity given to *Bill Cosby* and *Miami Vice*.
- Costs: If there is no cost premium, then why not take advantage of any benefits, however marginal, that high rated shows can provide? If there is a premium, are the benefits worth it?

Clearly, the cost factor is at the heart of the question; unfortunately, it was also the least conclusive part of our analysis.

For program selection, we went back to fall 1984 DFS estimates of the top twenty programs against women 18-49. For unit costs, we used Nielsen's November 1984 Cost Supplement, assuming that this would be closest to network pre-season pricing. We repeated the process for fall 1983.

In both years, there was a significant (20%) cost per :30 premium for buying only the top twenty programs, compared to the average buy.

However, also in both years, there was a 4% CPM advantage in buying the top twenty.

Does this imply that there is never a CPM penalty in using a high ratings strategy? Looking ahead to fall 1985, we think results will be different.

DFS projects that half of the top twenty shows this fall will be NBC programs, versus four in 1983 and seven in 1984. NBC may well be the #1 network this year, but those years as #3 put the network at a pricing disadvantage. As a result, NBC is playing catch-up this year. For example, estimating the four Thursday night NBC comedies to deliver an average W18-49 AA% of 17, with an average cost of $175,000, results in a CPM in excess of $18.00 — well above the projected average fall efficiency for W18-49.

Our conclusion? Buying only high rated programs will probably always mean higher out-of-pocket costs and, depending on individual network rankings and pricing philosophies, can also mean CPM penalties which may be significant.

So where do we net out?

Our overriding conclusion is that simplistic buying directions (i.e., buy only the top twenty programs) miss the mark in obtaining optimum value for the client's advertising dollars.

As network prices rise and audiences fall, advertisers and agencies are continually seeking ways to buy network "smarter." We feel that using rating level alone as a discriminator or selector results in a less targeted, less effective buy than using other criteria and evaluating programs for their unique contribution to the overall package.

Another myth debunked! Bigger is not better-buying — selectively is! ■

NEWSPAPERS
By HUGH O'BRIEN
Senior vp, director-media services,
Bozell & Jacobs

The newspaper evolution: a parallel to tv

Throughout the last decade, there has been an enormous volume of publicity devoted to the "revolution" in the broadcast industry. A great deal has been published about three key elements of this "revolution," pertaining to (1) the technological advances themselves; (2) erosion of shares of the mass reach networks to a myriad of viewing alternatives; and (3) newly developed program formats which are "editorially compatible" with an advertiser's product and message.

As most of us have come to admit, the broadcast revolution was not a revolution at all. It was, and is, an evolutionary process.

However, with all the publicity surrounding the television medium, what has gone virtually unnoticed in many quarters is an evolution within one of the oldest forms of American communications: the newspaper industry.

The evolution in the newspaper industry has mirrored that of the television industry in many ways. Its impact may be just as great. The newspaper evolution, however, has not received the same amount of focused publicity as television. So perhaps it's time to review some of the evolutionary elements in the newspaper industry within the same reference frame as the television industry.

The technological advances made in the newspaper industry over the last few years have been dramatic. Satellite transmission has been an important element in increasing flexibility, ensuring timeliness of data and improving overall reproduction capability.

More papers have committed to an increased and improved usage of color. Advances in printing technology are making color printing more cost efficient for both publishers and advertisers. While color is still not available in a number of major markets, its availability will continue to increase, offering increased impact for readers and more opportunities for advertisers. Technology has enabled newspapers to increase usage of informational graphics, illustrated charts and drawings. A number of other technological breakthroughs in data transmission, reproduction quality and color capabilities are still in the test stage. Their combined impact will result in even more changes in the years ahead.

Erosion of shares of mass reach vehicles and growth of alternatives

Newspapers mirror television in this area also. Although newspaper circulation increased slightly in 1984, newspapers are reaching a smaller percentage of Americans. In 1974, 72% of Americans regularly read a newspaper, while in 1984 this percentage dropped to 65%.

However, this does not mean that the importance of the printed word, or the printed ad, has declined. Many alternative newspaper vehicles and forms have surfaced. Shoppers devoted entirely to advertising have increased in both number and quality.

Suburban newspapers have experienced dramatic growth. There are now over 1,800 suburban papers that reach over 23 million readers. The suburban press should continue to grow, as suburban boundaries continue to expand.

However, metropolitan dailies are not ignoring their suburban counterparts. They are increasing their number of zoned editions significantly. In addition, the metro dailies are developing total market coverage programs that use newspapers to deliver advertising circulars to subscribers, and the mail to reach the non-subscribing public.

"Alternative" newspapers — targeted to the younger upscale audience and offering an editorial blend of investigative reporting, entertainment

"The match was won by pointing out that 51.6%* of HBR subscribers are chairmen, presidents, managing directors, chief administrators and top managers."

*U.S. & Canadian Subscribers

Harvard Business Review

New York, NY (212) 972-0740
Boston, MA (617) 495-6182

and reaction, and humor — have become more viable alternatives for advertisers targeting this specific demographic and psychographic group.

In the years ahead, we can only expect the number of newspaper alternatives, and therefore advertiser opportunities, to increase.

Tailored programing/ editorial formats

The new broadcast media promised advertisers a tailored environment for their advertising messages, tailored by demographics, lifestyles and special interests. In some cases such as MTV, ESPN, CNN and the Weather Channel, this promise was fulfilled.

The newspaper industry has worked hard to provide the same kind of editorial compatibility. The suburban papers have served their respective markets through a localized — not national or international — reporting perspective. And the major metropolitan papers have addressed both reader interests and advertiser needs. Special sections, such as lifestyles, fashion, travel, gardening, expanded business sections, and the like have been developed to make the newspapers more meaningful to both the reader and the advertiser.

Local Sunday supplements carried in the newspapers have changed dramatically, too. Led by the *New York Times Magazine*, these vehicles have been enhanced, graphically and editorially, making them more like magazines than like the newspapers that carry them.

As reader interests continue to become more focused, and as advertisers continue to demand a compatible environment to reach these readers with a tailored message, the growth of specialized editorial within newspapers can only be expected to increase.

Summary

There are a great number of changes which have taken place in the newspaper industry over the last decade; indeed within the last half decade. Many of these changes have paralleled the more publicized evolution that has occurred in the television industry.

Newspapers will continue to play an important role in the lives of most Americans. However, this role may be somewhat redefined. Due to the changing wants, needs and expectations of both readers and advertisers alike, we believe that change will continue to be an integral part of the newspaper industry in the years ahead. ■

TELEVISION

By DONNA CAMPANELLA
Vice president, media director
Cato Johnson/Y&R, New York

Late night tv's flickering picture

It used to be that late night network television was regarded by many as a daypart that attracted only insomniacs, test patterns lovers, and people who like to drink a couple of pots of coffee before hitting the hay. Not any more. These days, late night is a moonlit Mecca for nostalgia addicts who crave re-runs of their favorite, but now defunct prime time programs. It also has the potential to reach those elusive, hip young adults who can't be reached adequately in other dayparts. Late night has also become a viable daypart to reach the working women whose business and social schedules don't allow for a prime time fit.

And let's not forget our traditional demographics. In addition to its skew to the above-mentioned various audience, late night is a pipeline to the average, traditional male head of household who has just tucked his 2.2 kids into their 2.2 beds, taken the dog out for a walk, hauled the 3-ply Glad bags out to the curbside, and now relaxes with Johnny Carson before returning to bed.

What makes late night so unique and so appealing to an unusually diverse audience is its unusually diverse pro-

"What really impressed them was that 94.3%* of HBR subscribers are managers and professionals."

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graming. Whereas daytime primarily consists of serials and game shows and prime time programs fare revolves around dramas, comedy and variety shows, late night defies any simple description. Late night cannot be considered a cohesive daypart and analyzed in totality like day and prime. It must be viewed as a collection of individual programs — each targted to different audiences.

Although late night network programs can potentially provide a unique and appropriate environment for segment marketing, many are on their way to becoming a "shot in the dark" for advertisers. An analysis of specific late night network programs indicates that this daypart is losing ratings among key demographics and therefore may no longer be considered a viable buy. Network "fixtures" such as *Saturday Night Live, The Tonight Show,* and the *CBS Late Movie,* have seen their Nielsen ratings either decline or flatten out across key demographic groups. Consider these first quarter comparisons:

Saturday Night Live

	M18-49	W18-49
IQ'83	6.6	5.2
IQ'84	6.9	5.5
IQ'85	5.9	5.4

Tonight Show

	M18-49	W18-49
IQ'83	4.2	4.0
IQ'84	4.3	3.7
IQ'85	4.3	3.7

Source: Nielsen

CBS Late Movie I

	M18-49	W18-49
IQ'83	3.7	4.5
IQ'84	2.9	2.9
IQ'85	3.0	3.2

Source: Nielsen

Even *Saturday Night Live* and *Friday Night Videos,* two teen/youth oriented programs, are taking a ratings plunge.

Given the ratings decline for this daypart among all segments of the population, is late night network still a valid media buy, and if so, for whom?

Saturday Night Live

	P12-17	W18-34	M18-34
1982	6.6	6.1	5.7
1983	5.5	5.4	6.3
1984	5.5	5.7	5.2

Friday Night Videos

	P12-17	W18-34	M18-34
1982	--	--	--
1983	2.6	2.9	4.0
1984	2.2	2.3	2.1

Even though late network appears to have all the makings of being able to effectively reach key targets, it has not been able to do so. In fact, late night network, overall, has been posting some anemic numbers.

An analysis of first quarter '85 activity for all three networks indicates an 8% decline in aggregate ratings vs. the same period a year ago. A similar story emerges when analyzing share which are down to 66% vs. 71% in '84. What's interesting to note is that while the networks are losing in the late night ratings war, independents and cable networks are reaping the benefits. Aggregate ratings for independent stations vs. network in first quarter '84 indicated a 17% increase, while cable chalked up a 19% gain. Network execs can be excused if they have a few sleepless nights. They have some tough work ahead of them. If the networks want to bounce back and recoup their leadership in this time period, a major overhaul is needed.

One must first understand what has happened over the years to cause once-popular shows like *The Tonight Show* and *Saturday Night Live* to tumble from the #1 spots in the eyes of key target groups. Programs such as these were popular because of their unique, almost irreverent form of entertainment. In the past few years, however, with cable reaching national penetration levels and the influx of VCR's, audiences are now exposed to more liberal entertainment which doesn't require the scrutiny of network censors. Thus, while *Saturday Night Live* and Johnny Carson once seemed "off-color" and provided a form of entertainment not available anywhere else, cable, pay-per-view and video cassette rentals showcase subjects and humor deemed unacceptable by network standards.

Cable, PPV and VCR's aren't the only things chipping away at the networks' late night lair. Independents are making a sizable dent with increasingly popular programing. The number of independent stations has doubled in the last six years, with 130 of the 214 stations broadcasting general programing. While independent stations represent about 23% of all spot revenues, their commitment to programing rivals that of the networks. According to INTV, independents have spent more than $600 million for syndicated programing during the past year, compared to $400 million by network affiliates. Independents' investments have given them access to a broad spectrum of demographic targets. With the scheduling of such old time favorites as *M*A*S*H* and *The Honeymooners* during the late night time period, independents are attracting a large audience that at one time would have tuned into the networks.

In order to compete with these independents and minimize the erosion of the late night programing, the networks should heavy-up on golden oldies from their video vaults. In addition, the purchase and airing of syndicated programs at the late night hour may offer a diverse program opportunity.

Once innovative and willing to take risks in the midnight hour, the networks now appear to be somewhat conservative. A return to risk-taking may lead them to a successful program format needed to recoup their leadership position in late night.

There's probably no harm in late night maintaining its identity as a collection of programs targeted to different audience skews. But by defining the demographics and psychographics of these targets and then coupling it with some creative risk-taking, network programers can do a better job of fulfilling late night viewers "needs." More first-run movies and specials during the late night hours, for example, would provide an alternative to cable, VCR's, independents, and even dreaming.

Late night network television is undergoing sharp scrutiny from both advertisers and the public at large. If some corrective action isn't taken, this imaginative, unique daypart may become as extinct as *Supertrain* and *Thick of the Night*. I, for one, don't want to see it happen. Let the networks again make late night a viable daypart for planners and buyers to analyze in their media mix. ■

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MAGAZINES
By DEBBIE SOLOMON
Media research supervisor,
Leo Burnett, Chicago.

National Sunday magazines

Call them Sunday supplements of Sunday magazines, the magazines that come in Sunday newspapers are an integral part of American weekends. Nearly two-thirds of all adults read a Sunday newspaper and Sunday magazines are part of most Sunday or weekend papers.

Sunday magazines can be broken into three groups. First come the syndicated supplements, *Family Weekly* (soon to be *USA Weekend*, and *Parade*. These two magazines are written and published by their own publishers and supplied to individual newspapers at a cost of about $7.00 per thousand magazines. The next group is the Sunday Magazine Network, a sales organization which sells national advertising in locally produced Sunday magazines. The third type is the independents, so called because they are locally produced and sold without an affiliation to any other Sunday magazine. The independents are *The New York Times*

Magazine, Los Angeles Times Home Magazine and *California Living (San Francisco Examiner and Chronicle). The New York Times Magazine* was started in 1851, making it the first Sunday magazine.

At presstime, *Parade* has the largest circulation of any Sunday magazine, over 25 million, and it is quickly getting larger. It is distributed in 135 newspapers, primarily in the larger cities. *Family Weekly* is more of a small town publication, distributed in 366 papers in B and C counties. In its new incarnation as *USA Weekend,* it has already lost a few newspapers to *Parade* because of its relationship to *USA Today,* which many papers view as competition, but it has picked up the *Dallas Times Herald* and the *Denver Post*. The Sunday Magazine Network consists of 52 different locally produced magazines across a range of larger and smaller cities including where *Parade* is distributed. While the cost of an ad in one of these publications is high, the circulation-based CPM is on the low side, about $11.00

Demographics for Sunday mags

Magazine	Male, %	Female, %	Median Age	Median HH Income
Parade	47.8%	52.2%	40.6	$26,728
Family Weekly (USA Weekend)	48.2	51.8	41.2	23,878
Sunday Magazine Network	47.7	52.3	40.2	28,132
New York Times	47.5	52.5	40.7	43,507
L.A. Home	52.8	47.2	36.7	36,784
TOTAL U.S.	47.3	52.7	40.2	22,961

Circulation, page rate and CPM

	# Papers	Circulation	P4C Cost	Circ CPM
Parade	135	25,153,000	$284,560	$11.31
Family Weekly (USA Weekend)	366	12,906,894	140,815	10.91
Sunday Magazine Network	52	22,072,184	238,307	10.80
New York Times	1	1,553,720	27,930	17.98
L.A. Home	1	1,331,666	22,125	16.61
California Living	1	706,150	13,503	19.12

Source: Leo Burnett research

Millions of people read Sunday magazines each week. Both Simmons and MRI offer audience profiles of all the supplements except *California Living*. However, their total audience estimates are based on all readers of the carrier newspapers, on the assumption that all readers of the paper read the magazine. Since we have yet to see evidence that this assumption is correct, we will discuss audience profiles but not total audience.

Sunday magazines are dual audience

Some of the smartest media buyers buy the Beacon Journal

Talk to somebody who really understands the Cleveland ADI, Jim Pockmire, Senior VP Media, Wyse Advertising, Cleveland:

"The Cleveland ADI is unusual because it consists of several sizeable cities — Cleveland, Lorain, Canton and Akron. The Cleveland television stations cover the ADI.

"But there's no single newspaper that blankets the area. If you're using newspapers, the typical approach of thinking in terms of one paper per market just won't work. While the Cleveland paper gets 35% coverage of the ADI, it's very lopsided coverage — it gets 62% of the Cleveland metropolitan area and only 5% of the balance of the ADI. By buying the Akron Beacon Journal, you pick up a substantial part of the balance, because it has 60% coverage daily and 77% on Sunday in the Akron MSA.* And you're not paying for duplication of readership, either."

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*ABC, 3/31/84

books with a very even split between men and women. Because they are read by so many people, their median age is very close to that of the U.S. population as a whole. The median incomes for *Parade, Family Weekly* and the Sunday Magazine Network are similar to the total U.S. median. Both the *New York Times Magazine* and *L.A. Home* have considerably higher than average median incomes, reflecting the more upscale nature of their markets and carrier papers.

What are the advantages to advertisers of sunday magazines? First is immediacy; everyone receives the magazine within the same two days (Saturday and Sunday) and usually reads it on those days. Another important factor is penetration; Sunday magazines generally get into 50-60% of the homes in their markets. In addition, most Sunday magazines are small, so readers will tend to get to every page. Another consideration is the potential for local retailer involvement.

On the negative side, the out-of-pocket cost to advertisers is extremely high for *Parade, Family Weekly* and the Sunday Magazine Network. To make these costs more manageable, these magazines do offer regional and local buys. In addition, *USA Weekend* is offering special discounts to "charter" advertisers.

Another criticism Sunday magazines often face is the quality of reproduction. These magazines are printed rotogravure on an upgraded type of newsprint, which does not yield the high resolution of magazines printed offset on heavy coated stock. However, the Sunday magazines are combating this problem with new improved printing techniques and high quality paper. The *New York Times Magazine* has been the leader in this area, producing its own upgraded paper and using upgraded inks. Recently, *The Los Angeles Times* went a step further. It will switch to magazine size, upgraded paper and offset printing this fall. This highly publicized switch appears to have started a trend. The *San Francisco Examiner*'s supplement will become magazine-sized and change its editorial focus in October the *The San Jose Mercury News* and *Phoenix Gazette* may follow shortly thereafter. Other papers across the country, including the *Chicago Tribune* and the *Washington Post* also are examining the concept. Advantages of the smaller size include newspapers' ability to take standard-sized magazine ads and the ability to go to offset printing (from rotogravure) which results in better quality production.

How do these formatting changes affect the syndicated supplements? *Parade* experimented with a smaller format but rejected it. *Family Weekly*, under new owner Gannett, will undergo a major revitalization this fall that will make it a magazine version of *USA Today*. A new format and new graphics are forthcoming. However, a new size is not.

Sunday magazines are making an increased effort to attract national advertisers. A new format for coupons, called a "blockbuster" by *Family Weekly* and *Parade*, can help advertisers facing increased clutter in FSIs. New features offer compatible editorial for a variety of products and services. All in all, Sunday magazines can be a viable and efficient medium for many advertisers. ■

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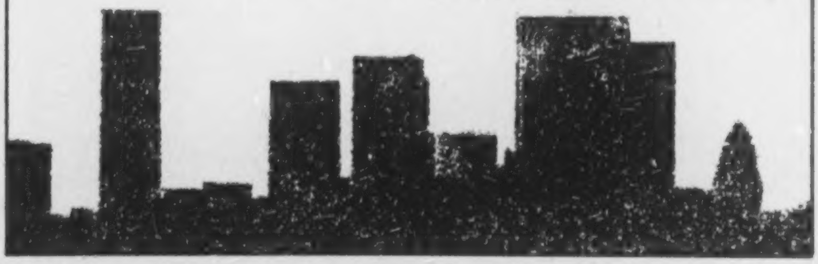


RADIO
By DENNIS P. McGUIRE
Spot radio supervisor,
Cunningham & Walsh, Inc.

Relying on gold

Many stations across the country are experimenting with a tried and true format that I think will gain popularity over the next few years. The format is

Brand report 114:
Home Electronics

The selling of sight and sound

Although equipment sales have been strong, some critics think they could be even stronger if the industry learned to advertise more effectively rather than rely on price wars and fads for sales volume.

It may seem like a hot category, but to those in the consumer electronics industry, looks are more than a bit deceiving. Though factory sales shot up from $6 billion in 1974 to $23.4 billion in 1984, according to the Electronic Industry Association, observers say the rise — at least in recent years — has more to do with rampant price-cutting and the younger crowd's competitive obsession for new, tech-y type "toys," than the industry's marketing prowess. "I don't mean this negatively, but I don't feel that this is a consumer-oriented industry," confesses Lucy Sherrill, product line manager for color television at General Electric Co. "It does some stupid things."

What causes Sherrill to frown is the industry's penchant, as she sees it, for developing products that impress the competition's technicians, rather than coming up with things ordinary people need or can even use with relative ease. "The problem is that the industry constantly talks to itself; it's like they advertise to competitors rather than talking to consumers," agrees Terry Shea, editor of *Audio Times* magazine. A brand manager at one large audio equipment maker nods in assent. "A lot of the industry's advertising goes

[illegible] from Giorgio Moroder's
revived version of Fritz Lang's
1926 film classic, "Metropolis,"
which includes the
totally digital soun

Digital sound from Sony
was featured in
the rerelease of "Metropolis"

Color TV-Media Expenditures for 1984 (000)

Company	Total	Mags	Net TV	Spot TV	Outdoor	Cable	Newspaper
RCA	$16,139.1	$6,030.8	$8,773.3	$1,334.5	$0.5	–	$6,300.0
	(3,467.6)	(814.2)	(2,541.5)	(111.9)	–	–	–
Zenith	9,654.3	1,041.7	6,022.2	2,590.4	–	–	1,500.0
	(1,441.2)	–	(1,302.4)	(109.7)	–	(29.1)	–
Gen. Electric	6,742.0	–	4,975.7	1,766.3	–	–	454.0
	(1,551.7)	–	(1,388.7)	(163.0)	–	–	–
Sears	12.4	12.4	–	–	–	–	–
	–	–	–	–	–	–	–
Sony	5,928.4	12.4	3,483.0	2,433.0	–	–	120.0
	(1,042.3)	(194.1)	–	(842.0)	–	(6.2)	–

( ) = 1st quarter 1985

Source: Leading National Advertisers; Newspaper figures compiled by Media Records

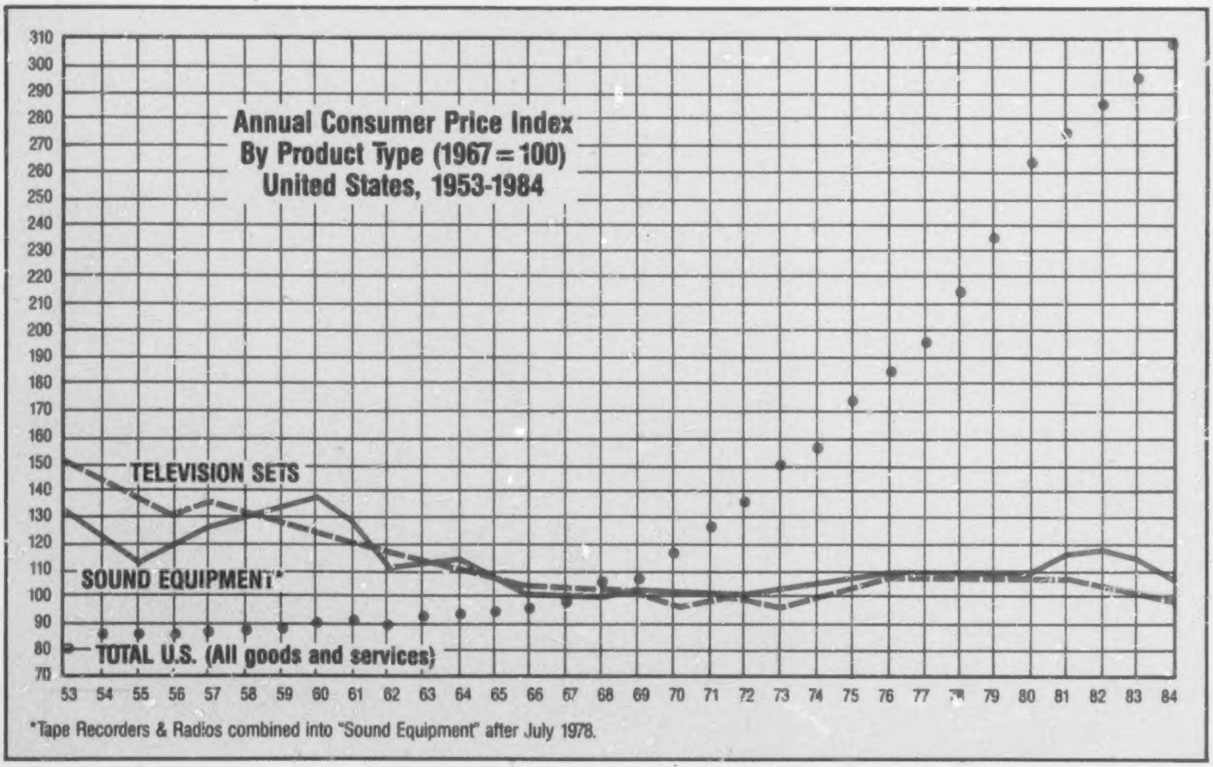
into buff books that most people don't read. It's weak in terms of broad market appeal."

Indeed, sales in the category, which includes audio and video products, computers and video games, telecommunications and personal electronics, are slackening off their quicksilver pace. The EIA projects factory sales inch up to only $23.6 billion this year, a happenstance laid to several factors — notably, that the most avid audience has already bought, while the general population is waiting for prices to fall even further and the uses of the products to become clearer.

To move the industry off this rock, makers of equipment — which in this report includes televisions, video cassette recorders, compact disc players and rack stereos — are banking on a revolution in home entertainment technologies. This sea shift will incorporate what many think are the two most important trends in the industry. One is the decline of the passive listener/viewer and the rise in consumers who prefer to control and record what they want to watch or listen to, for playback when and where they choose. The other is the increased development of audio and video products that are complementary, even interdependent, making a sort of Command Central.

Some marketers and observers worry that the industry is using dated marketing techniques to sell this increasingly sophisticated hardware. From its beginnings, consumer electronics has relied heavily on what Gordon Sell, editor of the enthusiast book, *Audio Magazine*, calls the "mentor factor" to ease products into the mass market. "People who don't know anything about it look for a friend who's an expert." He adds that "marketers blanch at our [magazine's] advertising rates, and say those are small numbers [of readers] you're giving us. But we sell word of mouth and that's an enormous factor" in this industry.

The marketing mix for these products includes other aspects of which advertising is by no means the dominant factor. The strategy for launching an innovative product, like the compact disc player for instance, often leans


Annual Consumer Price Index By Product Type (1967=100) United States, 1953-1984

*Tape Recorders & Radios combined into "Sound Equipment" after July 1978.

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*Single insertion each: daily and Sunday Times Union, The Knickerbocker News.
Source: 1985 Simmons-Scarborough

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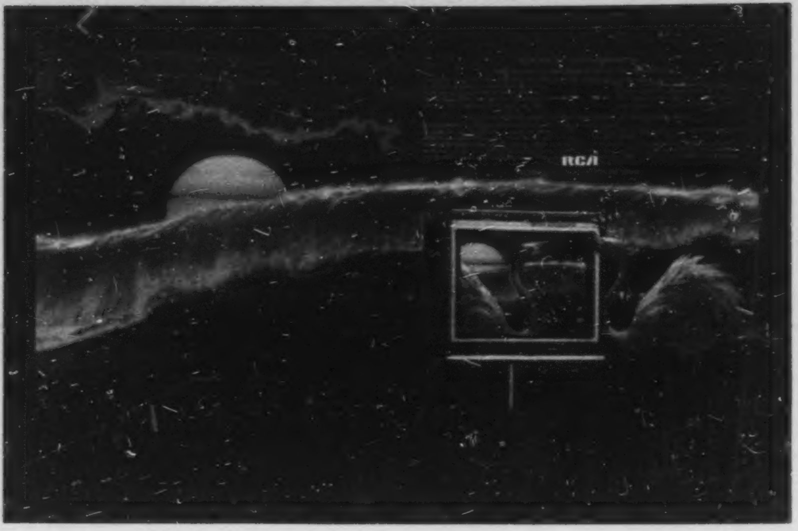

New wave graphics back RCA's consumer pitch.

heavily at first on good solid public relations work. The aim is to produce enough excitement, through special events, for instance, to generate reviews and write-ups in national magazines and especially in buff books. This draws the interests of the "tweeks," or high technology enthusiasts, a group without which most marketers say new consumer electronics products wouldn't ever get off the ground. Advertising is first placed in audio/videophile magazines, then in the less technical enthusiast books. Dealers, an essential link in the education as well as the sales chain, start receiving products as well as demonstration equipment and promotion material. Only at that point in the process does advertising make its way into national magazines and onto national tv. By the time the average consumer becomes aware enough of the latest example of electronic wizardry to want it, the market has been well seeded.

Even assuming a company markets its innovation successfully, conditions in this industry are so hotly competitive that chances are it won't be out there alone for more than a year or two. Competitors will soon stream in, and once this happens, price wars aren't far behind. "There are three marketing techniques used by this industry — price, price and price," states Art Levis, editor-in-chief of *Consumer Electronics*.

The price slashing can get so out of hand as to make profit margins all but disappear for manufacturers. When

Sony introduces Trinitron XBR. If it looks this good off, imagine how good it looks on.
SONY

Sony shows it has a sense of style.

that occurs, advertising budget are cut. "Because there are so many competitors in this industry," explains GE's Sherrill, "it pays more attention to pricing and promotions. All that takes money away from advertising, which is what you need to stop all this. To get out of the price spiral," she adds, "you have to build brand strength."

The recent entry of low-labor cost Korean, Taiwanese and even Thai goods into the U.S. had some marketers shaking in their boots. So far, however, these newcomers are concentrating on building their images and holding onto their profit margins. "What I see them doing is trying to establish themselves first," says George Meyer, advertising manager of JVC Co. of America. They are doing it, he says, in part with the help of advertising that says: "Same quality at a slightly lower price."

Consumer electronics marketers are just beginning to consider women a factor in their marketplace. It is still, as one marketer puts it, a category where "as long as it's got a power cord and digital light and does something no one was prepared for, it's a male [purchase] decision." Is it that women find buying audio and video components much more intimidating than men do? "They both do," chuckles Yamaha's national sales manager of component systems, Bruce Market. "But females will admit it. Males, with their macho images, won't."

The following describes the marketing/advertising strategies of the top five brands, in major electronic categories.

Television

With televisions in 49 out of every 50 American homes it could be called a mature market. Yet more changes are taking place in tv design now than have occurred over the last 15 years. The rounded picture tube is out and square-cornered is in. Tube surfaces are flatter. And bigger screens are being squeezed into ever slimmer cabinets (for example, a 25-inch screen is now housed in roughly the same size frame a 19-inch tv used to come in). Newer products, such as projection tv's have shown excellent sales gains. According to the Electronics Industry Association, factory sales of these big-screen sets — ranging in size from 37 inches to more than eight feet diagonally — totaled $268 million in 1983 and will grow to $488 million by the end of 1986. Excitement is also being generated by digital television sets, which promise a sharper picture as well as two-shows-at-once split screen capabilities. The first such sets are only now just hitting the market.

In a move into the modern age, consumer electronics are just beginning to consider women a factor in the market.

But, says a spokesman for RCA, "the news in video is, of all things, *sound*." Many manufacturers believe the day of multichannel television sound, or stereo tv, has dawned. MTS not only allows the viewer to hear shows broadcast in stereo, but allows for a bilingual transmission of a show, potentially a big plus for Hispanic au-

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diences and advertisers, for example. By the end of the year, the EIA predicts, every U.S. household will be in range of at least one stereo signal broadcast by perhaps as many as 200 stations. Currently, only 60 stations broadcast stereo shows and the only commercial network involved is NBC. Viewers can now only hear *The Tonight Show* and *Friday Night Videos* in stereo, but the network hints that *Miami Vice*, among others, may be part of the fall stereo lineup.

Televisions are in 49 out of every 50 homes in America. The challenge now is to get consumers to trade up.

The work horse of not only the television industry but of the entire consumer electronics industry is the color tv. Since the first sets were plugged into American homes in 1954, factory sales of color tv's have grown to represent 25% of the dollar volume for the entire industry. The number of units sold increased in 1983-84 from 13.9 million to over 16 million, according to the EIA, while dollar volume only rose from just over $5 billion to $5.53 billion. Low prices have consumers replacing old sets faster, or not hesitating to get that second or third tv. And mini color tv's that go anywhere and can run on batteries are gaining in popularity as well.

But all that competition does not bode well for companies' bottom lines. "Even though in some quarters sales may be up and things may seem prosperous," laments William Beres, vice president of advertising and sales promotion at RCA, "it is a profitless prosperity." While unit sales are expected to reach 16.2 million in 1985, the association predicts dollar sales totals will drop back to $5.3 billion, and continue to decline through 1986. Price gouging, especially in the realm of the best selling 13-inch and 19-inch screen models (40 different brand names offer the 19-inch size alone) where competition is keenest, is knocking the bottom out of profits. Now, says RCA's Beres, "the consumer is used to getting so much for so little."

RCA Corp. dominated the 1984 color tv market, as it has for a number of years, claiming a 19% market share of units sold, according to *Television Digest*. The trade publication projects that share will fall to 18% by the end of this year. The company currently markets 67 models of color tv's. It's 1984 advertising budget of nearly $17 million leapt from 1983's figure of just over $7 million, according to Leading National Advertisers, reflecting a new line of sophisticated and expensive (up to $7,000) audio video equipment. Beres says that the company has cut down on promotions and special offers for its tv's in an effort to emphasize the company's more innovative products and give it more of a high technology image.

Beres says that 70%-80% of the dollars are used for national tv buys, on prime time, late night and news shows. RCA also advertises its color tv line in national magazines like *Esquire*, *National Geographic* and *Scientific American*. In addition, Media Record reports RCA's expenditures on news-

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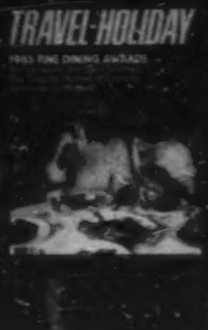

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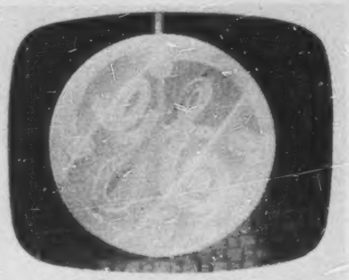
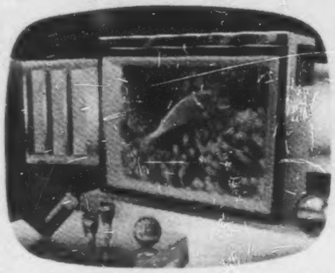
paper advertising for its color tv's at a 1984 level of $6.3 million.

The second largest seller of tv's is **Zenith**, marketed by Zenith Radio Corp. The company sold 17.5% of the sets moved in 1984, according to *Television Digest*, which predicts that Zenith's share will drop to 16.5% for 1985. Currently offering 42 models with prices ranging up to about $1,400, the company targets men and women between the ages of 25 and 49 in the "mid to upper" income range. The lion's share of Zenith's approximately $9.6 million 1984 budget, according to LNA (up from $6.9 in 1983) went to buy national tv spots, usually during action-oriented shows. About 5%-10% of the budget went to general interest publications like *People*, *Time* and *Sports Illustrated*. The company says it is advertising more on cable — increasing that part of its budget by 50% between '83 and '84 and the same percentage in 1985 — but that it amounts to less than 20% of the total. Media Records shows that Zenith spent $1.5 million on newspaper ads in 1984.



Now, General Electric filters light through a blue glass

G.E. Neovision.



for our greatest range of colors yet.

Computer graphics sell GE's color sets.

Zenith's campaign calls its tv's "The Smart Sets." Ads emphasize features like its MTS, which 14 of its current models are ready for, or wireless remote control. According to the EIA, one-third of all color sets sold last year were equipped with the feature. Zenith's name for its remote control feature: Computer Space Command.

General Electric Co.'s color tv marketing strategy, according to product line manager Lucy Sherrill, is "to focus on the mid-line products with some features, but not the knock-out bells and whistles." The company is following that course, she says, because there's no money to be made on the low-end products and "GE doesn't fit real well trying to sell high-end." GE spent about $7 million in 1984 on

The travel expert's travel expert.

Devoting our editorial 100% to travel makes Travel-Holiday a well-respected source of information in the industry. As such, we recognize the importance of another very influential travel authority, the travel agent. Recently, we conducted a survey among the 28,000 top agents who receive our magazine each month. We found out they read us, share us (agent passalong is nearly 100,000!) and rely on us regularly in their business.

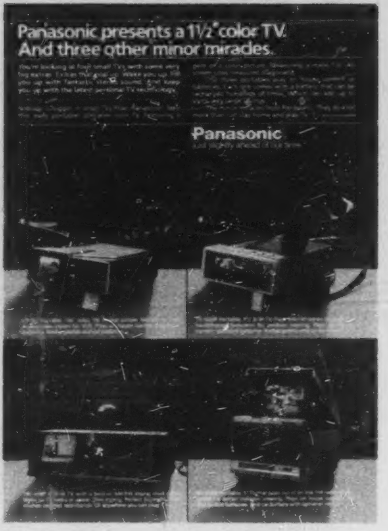
Considering that the average travel agent grosses over $2.3 million a year in billings, shouldn't your advertising be in the hands of these very key people? For more information on Travel-Holiday, the buy that works, contact Ruth Halpert, Adv. Mgr., Travel-Holiday, Travel Building, Floral Park, NY 11001. (516) 352-9700.

TRAVEL-HOLIDAY

TRAVEL-HOLIDAY
Your #1 vehicle for travel.

advertising, the bulk of it on national tv (an additional $454,000 was spent advertising in newspapers, says Media Records). Currently offering fifty models that have retail prices ranging from $195 to $1,100, GE is given a third-ranking 1984 market share of 7.6%, which *Television Digest* predicts will fall to 6.85% for 1985.

This year, GE's advertising dollars were spent mostly on national tv to plug its new neodymium picture tube that produces brighter colors and cuts down on the amount of room light entering the picture tube. Ads explaining the feature ran during such shows as the *Emmy Awards*, the *Space* miniseries, as well as morning and evening new shows. Next year, says Sherrill, print will get more emphasis and explain the new tube more fully to consumers. Mass audience books like *People* and *Time* will carry the ads, as well as more targeted publications, such as *Metropolitan Home*.


Panasonic presents a 1½" color TV. And three other minor miracles.

Panasonic

Mini and portable is the way to go to sell black and white sets along with color, says Panasonic.

Fourth-ranked **Sears** had a 7.1% market share in 1984 that will shrink to 6.7% for 1985, reports *Television Digest*. A company spokesman says Sears usually runs a combination of image building ads as well as price-off ones. A competitor says, "Sears is still a big factor because of its size, plus the fact that it's also a catalogue house and that you can always take [a set] back if anything's wrong." He describes Sears' market as being older people from the middle of the country with lower incomes than many other consumer electronics marketers. "Sears has its niche and they'd really have to mess up to lose it."

SUSPICIONS CONFIRMED
#18
26
25
24
SRDS
SRDS
SRDS
SRDS
SRDS

Sony markets 20 models in its Trinitron color tv line, with the advertising focusing on top-of-the-line XBR that can run up to $1,350 suggested retail price. Jeffrey Brooks, director of advertising, says the message of its advertising is "that we are the benchmark when it comes to picture quality." Sony's reported budget of nearly $6 million in 1984 went largely to network tv, where the company's spots appeared during the World Series, NFL games, *60 Minutes*, *Hill Street Blues* and network movies. Trinitron ads not only appeared in general interest books like *Time* and *Gentlemen's Quarterly*, but in video buff books like *Video Review* as well as audio magazines. Sony, with a fifth-ranked market share of 6.5% in 1984, also spent nearly $120,000 on newspaper ads that year, reports Media Records.

Depending on who you talk to, black-and-white tv is either a commodity or a novelty. Either way, says a Zenith spokesman, "Nobody pays much attention to black and white anymore." According to the EIA, B&W is in 70% of American households, a figure surpassed by color tv's 91% penetration. Marketers cite two explanations for the sets' continued existence. At prices averaging about $60 for a 12" screen, they can be bought on impulse or as a gift; and they can be bought in drug stores, record stores, even some grocery stores. The total portability of the mini B&W's — which are often also equipped with a tape player or radio — has also bought time for this category. However, they are coming under the threat of the mini color sets whose prices are plummeting.

The B&W market is dominated by **RCA**, with a 15.5% share of the factory sales, according to *Television Digest*. Second-ranking market share is claimed by **Zenith**, with 14%, followed by **Sears** with 9%, **GE** with 8.55% and **Panasonic** with 6.5%. Virtually no companies advertise their monochrome lines any more, except where they participate with dealers in co-op newspaper ads. Of those five, Panasonic is the exception: It shows mini B&W's in an ad for mini color sets, which runs in books such as *Sports Illustrated*, *Omni*, and the *New Yorker*.

VCR's

While household penetration of home video cassette recorders doesn't yet approach that of tv's, the EIA reports it is at 23% (see *VCR's: The saga continues*, page 83) and climbing fast. Industry estimates put 1984 sales to dealers at about 6.7 million units, or $2.8 billion in factory sales, up from $1.5 billion in 1983. (About 80% of consumers are choosing VHS-style hardware over the Beta format models.)

> **The introduction of the compact disc player demonstrated a new sophistication in the marketing of consumer electronics.**

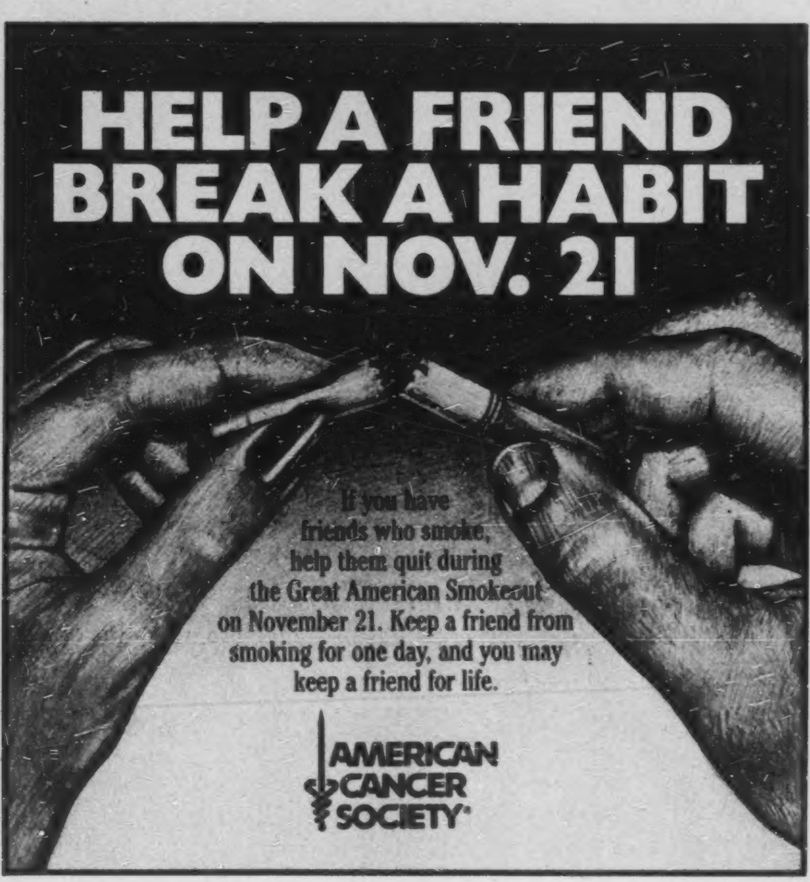
Currently, two trends are shaping sales of this up-and-coming video product. Prices are continuing to fall from their 1975-introductory year levels of over $1,000 to an average of $350. The VCR market has experienced something of a population explosion to where there are now roughly 200 models being marketed under 36 brand names (Korea will be allowed to start exporting VCR's later this year). Predictions for sales to dealers fall into the 12-14 million unit range, while imports of VCR's (all are made overseas) are expected to reach 15 million. RCA, for one, recently announced that it was cancelling some $50 million of imports. All of this, say observers, spells an imminent shakeout.

On a more upbeat note, the second trend moving the VCR industry is the introduction of hi-fi VCR's, forging yet another bond between audio and video.

The picture says a thousand words,
but the sound will leave you speechless.
The new Panasonic VHS Hi-Fi Video Recorder.
Panasonic

Stereo is the latest feature for video cassette recorders.

The demographics of VCR buyers have changed since its introduction, says William Beres of **RCA**, leader of the market with a 16% share, according to *Television Digest*. Though VCR buyers are still predominantly male, the first purchasers were 35-54 years old with an annual salary of $35,000 or above. Now the profile is of someone 25-45 years old, making at least $20,000. RCA, currently offering 25 models ranging in suggested retail price from $330-$1,300, spent over $6 million in advertising its products last


HELP A FRIEND BREAK A HABIT ON NOV. 21

If you have friends who smoke, help them quit during the Great American Smokeout on November 21. Keep a friend from smoking for one day, and you may keep a friend for life.

AMERICAN CANCER SOCIETY®

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Our computer takes six to eight weeks to re-route your copies of MARKETING & MEDIA DECISIONS.

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1140 Avenue of the Americas
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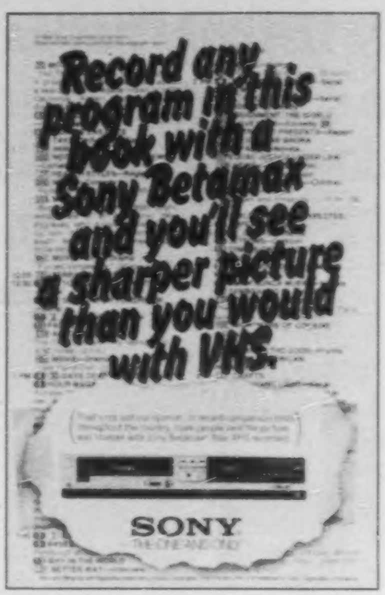
year. Part of that total went for network tv spots, running mostly during sports shows. RCA's VCR ads ran in a range of national publications such as *Time, Esquire, Video Review, Science '85,* and even photography books like *Popular Photography*. Media Records shows RCA spending $1.5 million on VCR's alone in newspapers, with another $1.3 million on ads pitching both VCR's and color tv's. In addition, the company says it is currently promoting hi-fi VCR's by offering up to $200 off the purchase of pre-recorded tapes.

Panasonic ranks second in market share, with 14% according to *Television Digest*. Stan Hametz, general manager-VHS division, thinks that within two years, most pre-recorded video tapes will be in stereo and that eventually "Stereo will be to VCR's what color is to tv." Panasonic spends close to $12 million on advertising, a large part of which goes to spot tv. Print ads are featured in magazines such as *Newsweek, Inc., Playboy, Business Week* and buff books like *Stereo Review* and *Video Review*. The ads "try to emphasize that we're on the cutting edge of developments," says Hametz, with the slogan: "Just Slightly Ahead of Our Time." The radio budget for Panasonic VCR's totals about $1.7 million for 1984, according to Radio Expenditures Reports.


Record any program in this book with a Sony Betamax and you'll see a sharper picture than you would with VHS.
SONY
THE ONE AND ONLY

Sony Beta ads appeared in programing listing guides.

"We do not intend to abandon Beta," claims Roland Martin, senior vice president-**Sony** Consumer products. Though he says the company expects to sell over two million Beta units in 1985, Martin also adds, "We do feel that the half-inch [Beta] format is a mature format." Though Sony did introduce a Super Beta hi-fi VCR this year (bringing their total number of models to nine with suggested retail prices ranging from $400-$1,500), they have also begun to market 8mm hardware, possibly signaling a shift. The company spent over $9 million in 1984 to advertise their VCR's, buying spots on network tv shows like *60 Minutes*, the Super Bowl and the World Series, and placing ads in magazines like *People, Time* and *Newsweek*. A new campaign is expected in October. Media Records says Sony spent close to $2 million in newspapers on its VCR products last year.

WHY YOU SHOULD CONSIDER SPENDING $1000 FOR A NEW FISHER HIGH FIDELITY VIDEO RECORDER.
FISHER

Fisher exemplifies the dense copy style of some print ads.

Introducing Sanyo Super Beta.
The video recorder that brings you 20% closer to reality.
SANYO

Sanyo touts its high-quality picture with its Beta.

Fourth and fifth-ranked market share slots are given to **Fisher,** with a 6% share, and **Sanyo** with 5%. Fisher, also owned by Sanyo Electric Co Ltd., advertises in *People, Time* and *Sports Illustrated,* among other publications. Sanyo's newspaper expenditures for 1984 totaled about $56,000 for all of its Sanyo video products, reports Media Records, and LNA puts its other advertising expenditures at about $1.5 million. "Sanyo's image of a me-too knock-off or price brand is changing," says the company's sales promotion manager, Chuck Davis. And although he admits, "the key to Sanyo isn't innovation," he says the company is trying to create a more high-tech image for itself. Almost all of its ad dollars went to buy space for its "Vision Art" campaign in a range of publications including *Architectural Digest, Discover, Life, Money* and *Penthouse*.

Compact Disc

The big news in the audio end of consumer electronics products is the growth of the compact disc market. "You're talking about a category that's just exploding," exclaims Paul Foschino, senior product manager at Technics. There is, indeed, an industry consensus: CD technology will have a revolutionary effect because listening is believing. "You don't have to have a golden ear to hear the difference," claims Steve Girod, manager of sales and marketing at Yamaha Electronics Corp. "The average guy on the street knows they sound better." Some observers think so many consumers will join the revolution so fast, turntables will become obsolete in five years. And penetration, they add, will go far because of the variety of players available: home models, portable "discman" models, auto CD's and even "boom box" players. But others think that the convenience and recording capability of cassette decks, as well as the heavy investments con-

Continued on page 146

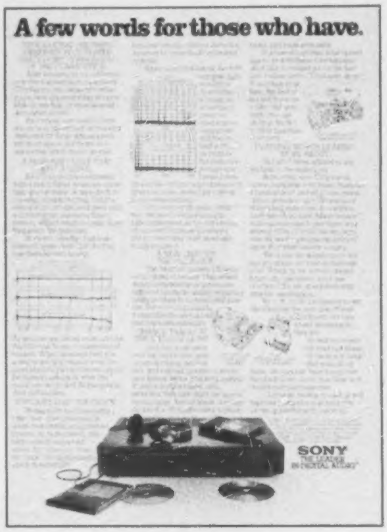
sumers have already made in turntables and records, will mean a somewhat slower growth rate for CD technology.

It's hard to predict the future, but sales figures since the players' 1983 launch speak for themselves: over 35,000 units in 1983, 200,000+ last year, and projections of 650,000-700,000 for a 1985 total and 1.4 million predicted for 1986. With a horde of manufacturers already offering at least one model each (the *Stereo Buyer's Guide* puts the current count at 90 models from 33 manufacturers), prices have already fallen from their 1983 starting point of about $1,000. The low end products are already down to $300 and at least one maker, Fisher, is expected to soon offer a $249 model.

The introduction of compact disc technology showed an impressive amount of advance planning and an unprecedented degree of cooperation between hardware and software makers (see *M&MD,* March 1985). In direct contrast, for example, to the Beta-VHS battle, all compact discs are the same size and can be played on all CD units. Promotions are often set up offering a CD-player buyer a discount on software. And, at the outset, software and hardware makers banded together to form the Compact Disc Group. Each member forked over an initiation fee, based on company size, that went towards industry advertising. In addition, software makers have been quick to produce a wide range of titles, 3,300 to date by the Group's count. That goes a long way towards convincing consumers that this is a technology that's here to stay.

A few words for those who haven't experienced Sony's new Compact Disc Player.

Sony sells its CD with side-by-side print ads.


A few words for those who have.

The fact that the player business is in its infancy and is already such a competitive one makes market share impossible to pin down. **Sony,** who,

THE DISCOVERY MARKET

Our discoveries of the ring-pull tab opener and the retainable tab opener made cans tops in convenience and in beverage packaging. Discover the sales potential of this innovative top market!

GREATER DAYTON — 678,000 Adults
77% regular weekday readers*
82% regular Sunday readers*
79% reach of Households with $25,000+ annual incomes**
18,000 scientists and engineers***

* 1983 Belden Springfield CMS, 1984 Paragon Dayton Survey;
** Dayton only, 1984 Paragon Survey; *** 1983, Ohio Data Users Center

DAYTON

Discover what we can do for you. Call Leroy Smith at (513) 225-2086.

DAYTON/SPRINGFIELD NEWSPAPERS
Represented nationally by Sawyer-Ferguson-Walker Co., Inc.

28,961* PROSPECTS

Our market of influence is bigger than ever. *Decisions* is read and used by nearly 3,000 more of your business prospects than a year ago. Cash in on the vitality of the industry's service magazine.

Call Dave Bentley, Publisher, 212-391-2155.

MARKETING & MEDIA DECISIONS

*BPA June 1985, average qualified circulation.

along with North American Philips Corp., was one of the first companies to launch a player, is credited with being the industry leader. Along with **Technics,** given the second ranking market share, the two are estimated to lay claims to anywhere from 35%-50% of the market. **Yamaha** is ranked a strong third, with the names **Denon, Sanyo** and **Pioneer** most often mentioned as battling it out for fourth and fifth place.

For the last four months of 1984 alone, Sony spent about $3 million to advertise and promote CD players. Many in the industry say Sony deserves a lot of the credit for the high level of consumer awareness of CD technology. Sony has, for instance, toured college campuses to explain the wonders of CD's. It also launched a promotional campaign called "Digital Nights" that it carried out with software makers. The company sponsored dances in different parts of the U.S. — for instance going to Ft. Lauderdale during the traditional spring break crush — to let people hear the CD sound. Its first print ads ran in buff books like *High Fidelity, Audio* magazine and *Digital Audio,* in addition to more general music books like *Rolling Stone* and *Ovation.* Ads have since filtered into general interest publications: *Sports Illustrated, People* and *Playboy,* for instance. Network tv spots have aired during sports and news shows, and prime time series like *Hill Street Blues.* Media Records reports Sony spent about $200,000 on newspaper ads last year. The company currently markets three in-home players at suggested retail prices ranging from $350-$550. One Sony executive says there is "heavy YUP" (young urban professional) purchasing of their product.

Technics Digital Compact Disc Players.
Lasers and computers
give you the one experience your conventional
audio system never could. Reality.

Technics

Technics put $1 million behind its CD's last year.

Technics, a unit of Matsushita, spent under $1 million to advertise CD players last year, says LNA. Technics' "The Science of Sound" campaign aims for a middle to high-end image, says Paul Foschino, who adds that CD players will take an increasing share of the company's ad dollars away from its turntables. Ads have run in buff books as well as some more general interest titles such as *Omni* and *Stereo Review.* Though some network tv time was bought last year and this, Foschino says he doesn't think CD buying has quite reached the mass market yet, making big market buys inadvisable now. The company's current five models range in price from $300-$600.

Yamaha says it spent less than 10% of its total ad budget on CD players in

NORTH DAKOTA
ABERDEEN
PIERRE
RAPID CITY
SOUTH DAKOTA
SIOUX FALLS
MINNESOTA
IOWA
WYOMING
NEBRASKA
HOW TO BE EVERYWHERE AT ONCE

Tell your advertising story on KELO-LAND TV. You'll be talking to some 100 counties at once. More important, your message will be seen, heard — and acted upon — by hundreds of thousands of people in one of America's key markets. A big, bountiful midwestern market that's considered a must for any true national advertising campaign.
There is no other selling force to match it!

kelo·land tv

KELO-TV Sioux Falls, S.D. and satellites KDLO-TV, KPLO-TV
plus Channel 15, Rapid City

Represented nationally by SELTEL in Minneapolis by WAYNE EVANS

YAMAHA INTRODUCES THE SECOND-GENERATION GAP.
AT YOUR CONVENIENCE
YAMAHA

The tech-y approach to marketing compact disc players.

1984, when LNA reports it funneled about $70,000 to these ads. Yamaha's Girod says the company expects a sales increase of about 300% in 1985 and will boost its ad budget. It buys print space in three types of publications: trade publications (*Sight & Sound Audio, Audio Video International)*, buff books (*Stereo Review, Audio*), and consumer books (*Esquire, Omni, Architectural Digest*). The ads, he says, are very product oriented, focusing on Yamaha's high-tech reputation.

Robert Heiblim, vice president of sales and marketing for Denon, guesses his company's market share to be in the 6% range. Denon currently markets two players (suggested retail prices: $800 and $1,000) and will come out with three others in the fall, including one that should retail for about $350. He puts Denon's worldwide budget for its players at about $7.5 million and says the ads highlight the fact that Denon developed the process of digital recording.

THE ONLY WAY YOU WILL BUILD A BETTER DIGITAL AUDIO PLAYER IS IF YOU KNOW MORE ABOUT DIGITAL AUDIO.
DENON

Denon stresses its technical know-how in its consumer CD player ads.

Print ads go into buff books, some photography books and some slightly more targeted general books like *Architectural Digest*. The company also sponsors primarily classical radio broadcasts; Pioneer, among others, gave some of the first players to radio stations.

Stereo systems

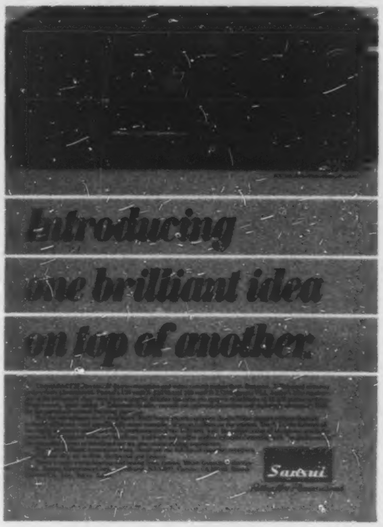
Though, in general, sales of separate stereo components are relatively flat, the last two years have played host to the rise of the rack system. Not to be confused with instruments of torture, these single-brand, all-in-one component systems make the often intimidating process of buying sound equipment a lot easier.

Racks are credited with putting department store audio sections on the map, because no expert sales staff is needed and they are easy to buy. *Consumer Electronics* magazine reports sales of one-brand systems, called racks because they are stacked vertically in a rack-like cabinet, totaled $531 million in 1984 and should reach $584 million by the end of 1985.

"If anybody listened to these things they wouldn't buy them." scoffs a marketer of one of the leading systems. "But people want something they can put on their credit cards. We felt we had to sell these or we'd lose dollars." Indeed, most agree that the look of a rack system is more important than the sound of it.

"The first impression the consumer gets is very important: how many lights it has, the amount of chrome and glass and the size of the speakers," explains Technics senior product manager Paul Foschino.

Industrial Market Research, a survey group, says **Fisher** holds a 31% share of the rack market in terms of units sold. **Pioneer** is second-ranked with 9%, followed by **Kenwood** with 7%, **Sansui** with 5% and **Technics** with 4%. One marketer says price cutting has been rampant, dropping prices 10%-20% a year, as more competitors jump aboard. All racks are built overseas. Though some systems sell for over $2,000, Fisher is reportedly readying a $500 system for launch soon. Fisher spent over $1 million in 1984 to advertise its systems and placed its value-oriented ads in enthusiast books like *Playboy, People* and *Life*. Pioneer spent under $1 million, according to LNA. Sansui's overall expenditures ran about $1.3 million to buy space in buff and general interest books; it also spent about $278,000 on newspaper space, according to Media Records.

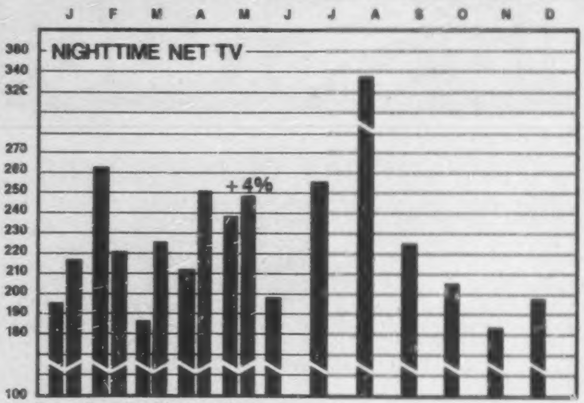


The marriage of audio and video is the subject of this Sansui page.

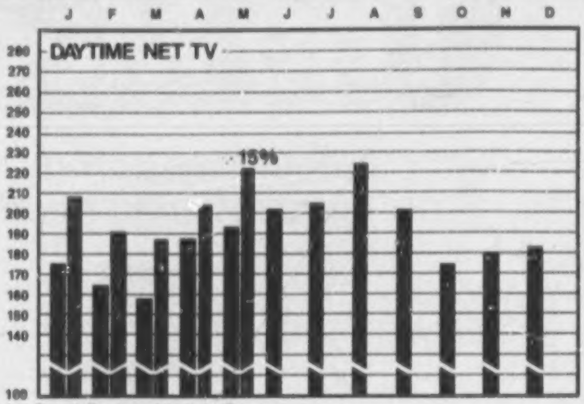
Carol Hall

MEDIA COST INDEX

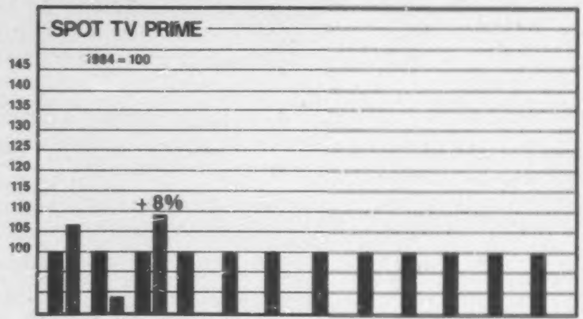
Black bars index for 1984; color bars 1985; base year 1977



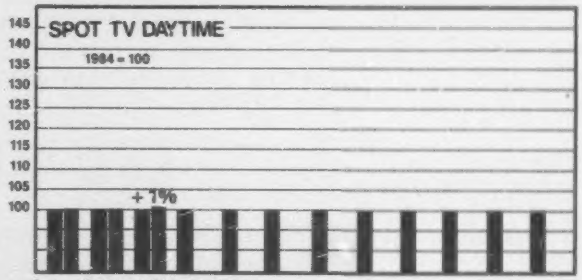
Source: Broadcast Advertisers Reports



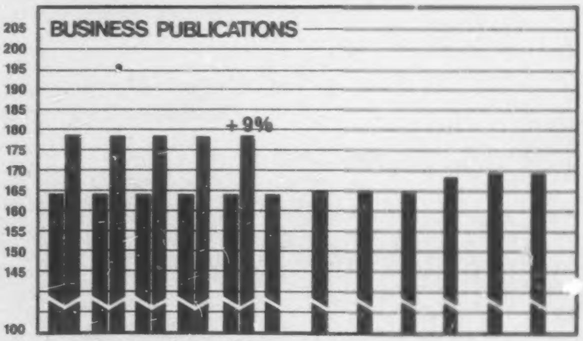
Source: Broadcast Advertisers Reports



Source: Broadcast Advertisers Reports



Source: Broadcast Advertisers Reports



Source: Marketing & Media Decisions

Second-quarter data for **spot radio,** provided by Radio Expenditure Reports, show an increase of 10% over the same period in 1984. Rates in the first quarter were up 6% over the 1984 quarter.

Newspaper rate data are provided by the Newspaper Advertising Bureau, which has revised the series for 1985. The new data are running slightly higher than the previous measure. The January index on the previous report read 141, up 7% over January 1984; February read 140, also up 7% over the February 1984 level. The revised series shows: January — 145, up 10%; February and March — 144, up 9%; April and May — 145, up 8%.

National Sunday magazines for May held at +11% over the 1984 level. This level will probably prevail through August. Then, in September, the data will be revised to reflect the appearance of *USA Weekend*, the successor to *Family Weekly*.

Daytime network tv, after a slowdown in April, returned to a double-digit increase (15%) in the May-over-May comparison. **Nighttime network tv,** after an unusual increase in April, dropped to a +4% change in May. Data are supplied by Broadcast Advertisers Reports.

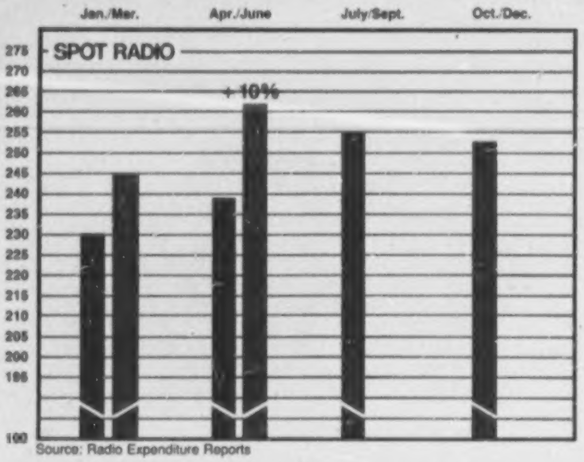
Business publications are running along at an index level of 178, up 9% over the 1984 level. We are fast moving into that period of the year when business publishers traditionally begin to announce rate changes. Then we will get an inkling as to how rates will move in the coming months.

Consumer magazines, based on the composite total of a four-color page in 40 magazines (compiled by Magazine Publishers Assn.), has held at a level of +8% for February through May.

Outdoor rates, based on data supplied by the Institute of Outdoor Advertising, have held at +7% so far this year.

MEDIA COST INDEX (continued)

Black bars index for 1984; color bars 1985; base year 1977


SPOT RADIO

Source: Radio Expenditure Reports

The Media Cost Index reflects trends extracted from available sources. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

Sources:

Nighttime Network TV — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio — Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazine estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries. **(Please note:** Last month's legend contained a typographical error. It is now correct as stated.)

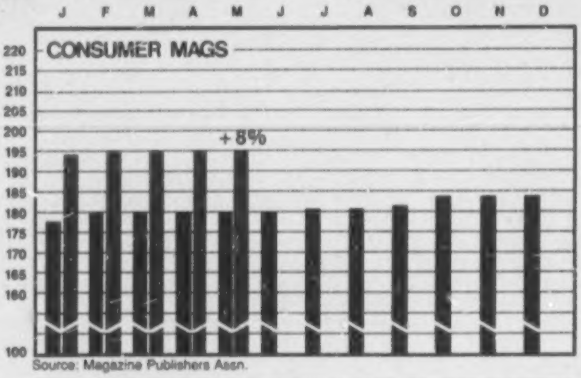
Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

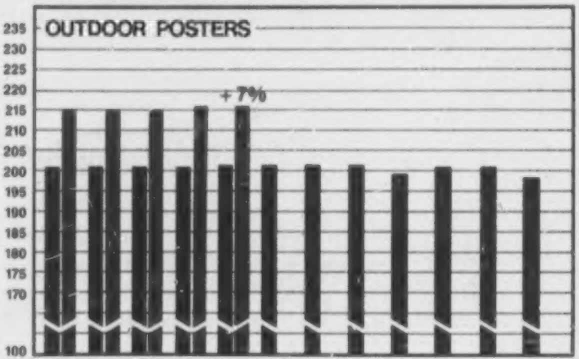
Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

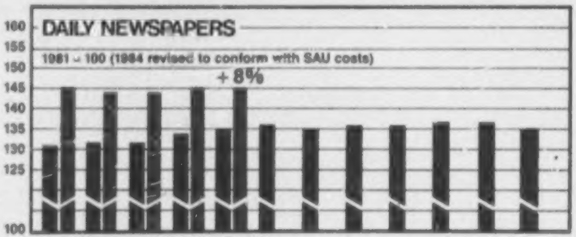
How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.


CONSUMER MAGS

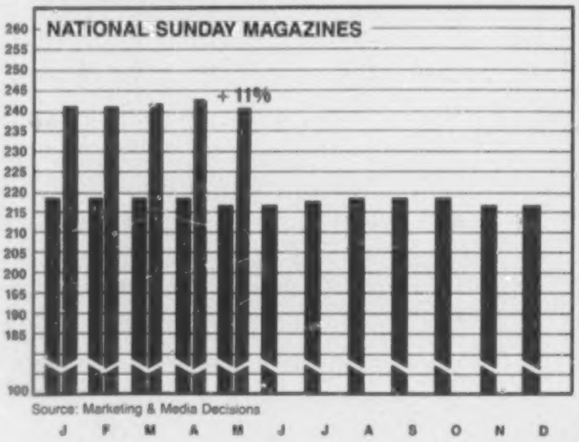
Source: Magazine Publishers Assn.


OUTDOOR POSTERS

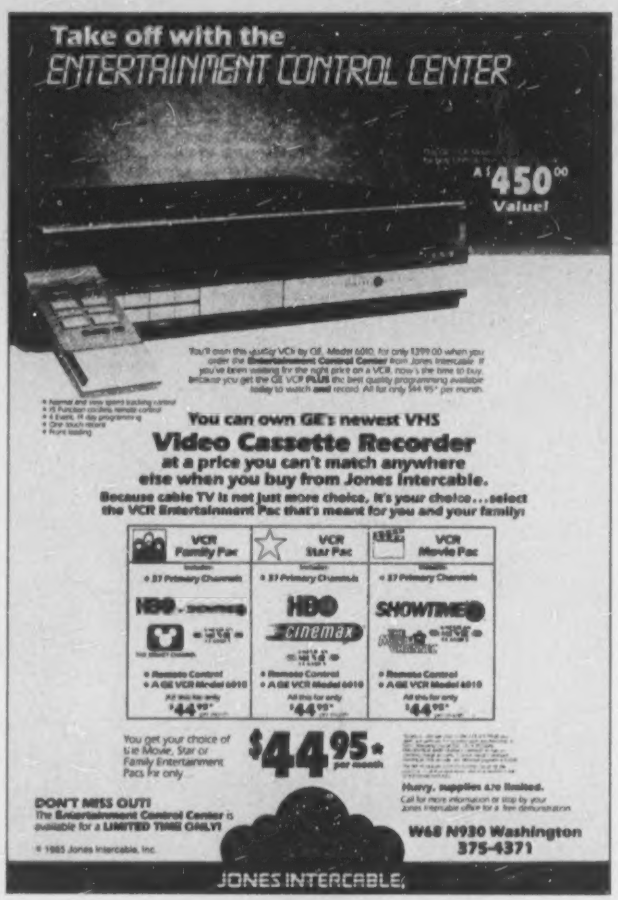
Source: Institute of Outdoor Advertising


DAILY NEWSPAPERS
1981 = 100 (1984 revised to conform with SAU costs)

Source: Newspaper Advertising Bureau


NATIONAL SUNDAY MAGAZINES

Source: Marketing & Media Decisions



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The Disney Channel	Cinemax	
• Remote Control	• Remote Control	• Remote Control
• A GE VCR Model 6010	• A GE VCR Model 6010	• A GE VCR Model 6010
All this for only $44.95* per month	All this for only $44.95* per month	All this for only $44.95* per month

You get your choice of the Movie, Star or Family Entertainment Pacs for only...

$44.95* per month

Hurry, supplies are limited.
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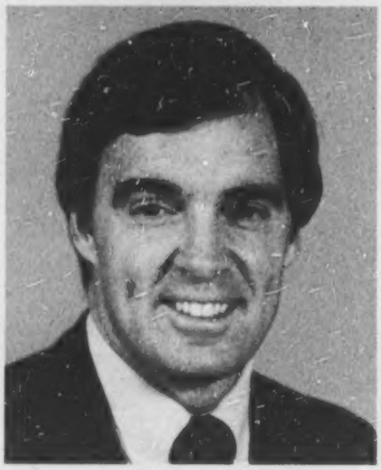


"VCR's in cable homes mean subscribers will enjoy cable more and retain the service longer."

SCOTT CAMPBELL
marketing director,
Jones Intercable

Dancer Fitzgerald Sample's vice president, associate director of electronic media, Erica Gruen, says VCR's pose more of a creative than a media concern. "As VCR's become a serious contender for tv viewing, everyone recognizes their potential as an ad vehicle. But what the form and placement of the advertising will be is an issue of appropriate creative." DFS is exploring opportunities but is cautious in its approach. "There is no question that VCR commercials must be intriguing and different enough from regular tv ads so that people won't feel that they are paying for commercials. There must be a value-added element," which, says Gruen, could be in the form of how-to's.

Consequently, the question is raised, is it a media buy or a promotional buy? "It's a grey area in terms of classifying VCR advertising," says Gruen. "Targeting opportunities will be critical."

Steve Abel, BBDO's vice president of new technology and resources, says the agency's Video Development Group was set up in November of last year to address those kinds of questions. "With the number of outlets for programing increasing, there are two strategies that can be employed: offensive, as a way of getting to the VCR owner in terms of producing for the marketplace; and defensive, by tying into the promotional efforts of let's say a soon-to-be released video cassette where you have the program and client marketing goal matching up," says Abel. He adds that "there is a risk when advertisers go in because there is no track record in terms of strategy."

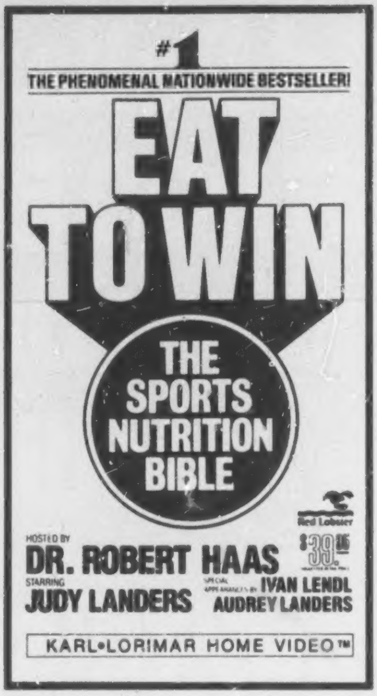
How advertisers and agencies will go about this task is top secret, says Abel. "It's such a competitive area no one wants to give away strategies." However, one agency whose client is reaping substantial benefits from its pioneering stance is Backer & Spielvogel, which along with Chelsea Communications (M&MD, January 1984) took Red Lobster into the video cassette market. Red Lobster's sponsorship of "Eat to Win," the video based on Robert Haas's best seller, tied in with the restaurant chain's marketing objectives, says Steve Auerbach, vice president, manager of network programing for Backer & Spielvogel. On the video cassette, Red Lobster gets side and front panels with its logo opening and closing billboards with special copy, while a coupon enclosed in the cassette package offers a discount at Red Lobster restaurants. Over 1,500 copies of the videotape have been sold since its April release.

Auerbach concedes, "There is a fine line between ad sponsorship and advertiser identification. The message must be integrated into the program concept and the tape must have the potential for repeat viewing. 'Eat to Win' fit Red Lobster's profile, its marketing goal, and had the added plus of being a regimen which guarantees repeat viewing, and therefore continual sponsor identification."

As for VCR's relationship with cable tv, research indicates that a compatability seems to exist between VCR's, basic and pay cable. Many cable operators were initially fearful that the rapid expansion of VCR's would negatively affect the cable market. However, research, as indicated by Link Resources, Paul Kagan and other top analysts, points to a compatability. VCR ownership is higher among cable subscribers: by Link tally, 29.6% of cable subs were owners of VCR's as compared to 26% of non-cable homes. Those with cable tend to use their VCR for time shifting more than VCR owners in general.

MSO's are responding favorably to the way VCR's are being used in conjunction with cable. Some like Continental Cable have encouraged compatability between the VCR and cable by having their service forces help install a subscriber's VCR; Continental even offers specially prepared, over-the-air mini programs on VCR/cable compatability. Jones Intercable has gone even further by offering, as of June, 50,000 of its subscribers in four regions a VCR/cable package. Jones offers the General Electric 6010 video cassette recorder in a number of different package combinations averaging $44.95 a month for a package that includes two pay services from a choice of HBO, Cinemax, Showtime, The Movie Channel and Disney. "Based on our research, we concluded that we're better off having VCR's in cable homes because they will enjoy cable more and will hopefully keep the service for a longer period of time," says Jones' marketing director Scott Campbell.

Of the $44.95 fee, $20 a month goes to the GE Credit Corporation for the VCR. After a two year period the subscriber then owns the VCR. If he disconnects cable, he still has the option to continue payments on the VCR to GE. "We're not locking anyone into cable," notes Campbell, "but we are creating a preferred customer. By the same token, if a person is a non-subscriber on a Jones system, then we have a nice way of convincing him that now is the time to buy cable." Jones is marketing primarily through direct-mail pieces followed with telemarketing.



"Eat to Win" tied in with Red Lobster's image and objectives.

Pay tv executives are also starting to feel out the opportunity for VCR and pay compatability. Showtime/The Movie Channel's recent study found that the two entertainment sources "enjoy a healthy compatability." After examining a 2,200 home sample, Showtime/The Movie Channel found there is an increased pay tv demand among VCR owners, as well as a greater pay demand among non-pay VCR owners; a positive impact on actual pay usage; little effect on cancellations of subscriptions, and a positive effect on program consumption.

Comments Neil Austrian, chairman and CEO of Showtime/The Movie Channel, "Contrary to assertions that the proliferation of VCR's will choke off the growth of pay cable, this study suggests that VCR ownership and pay subscriptions go hand in hand."

As for the effects on broadcast viewership, that question is in the throes of examination. O&M's manager of broadcast and new technologies research Kevin Burns comments on the impact of VCR's. "The data seem to indicate that VCR's replace rather than supplement traditional broadcast viewing. Cable audiences, on the other hand, tend to watch more tv, and that partially offsets network erosion." He adds, "VCR's don't tend to increase usage and taped programs don't appear to have much commercial value. Additionally, with cable the advertiser can buy back a lot of lost network rating points since half of cable viewing is on the ad-supported networks. VCR users, since they zap commercials, are harder for an advertiser to reach."

"We are recommending to our clients to push for advertising on pay cable, even if it's a selective opportunity," declares Burns. "That would help offset the erosion which VCR's will not stem. The viewer is more and more illusive, so whatever opportunities we can get to reach the viewers should be encouraged," he argues.

Judith Reitman

SPDS
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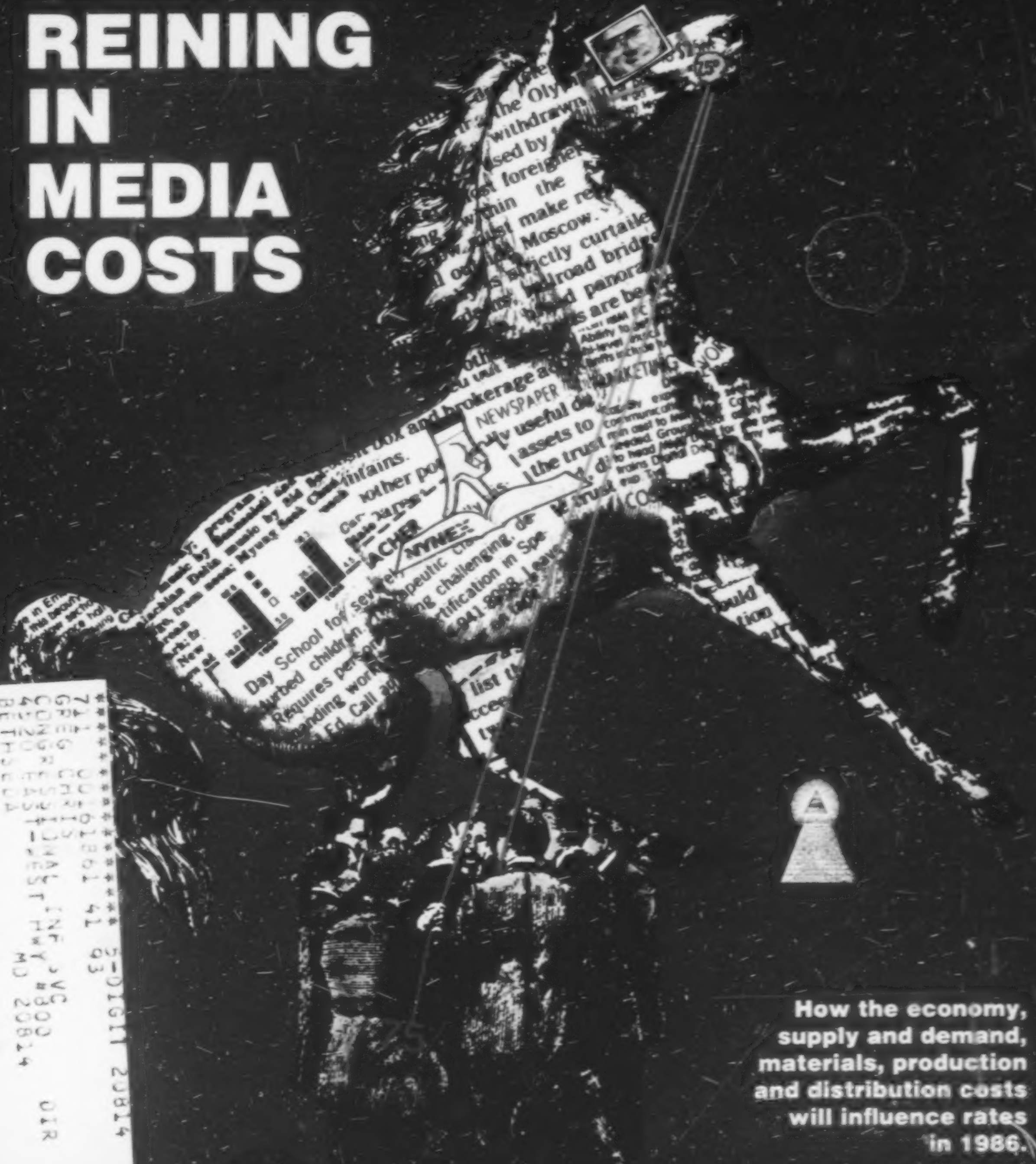
"Arnold, I know it means a lot to you, but a coffee table book it's not."

C2950-3

MARKETING &
MEDIA Decisions

REINING IN MEDIA COSTS



How the economy, supply and demand, materials, production and distribution costs will influence rates in 1986.

****** 5-DIGIT 20814
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CONGRESSIONAL INF SVC
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MEDIA COSTS

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Cover by François Colos

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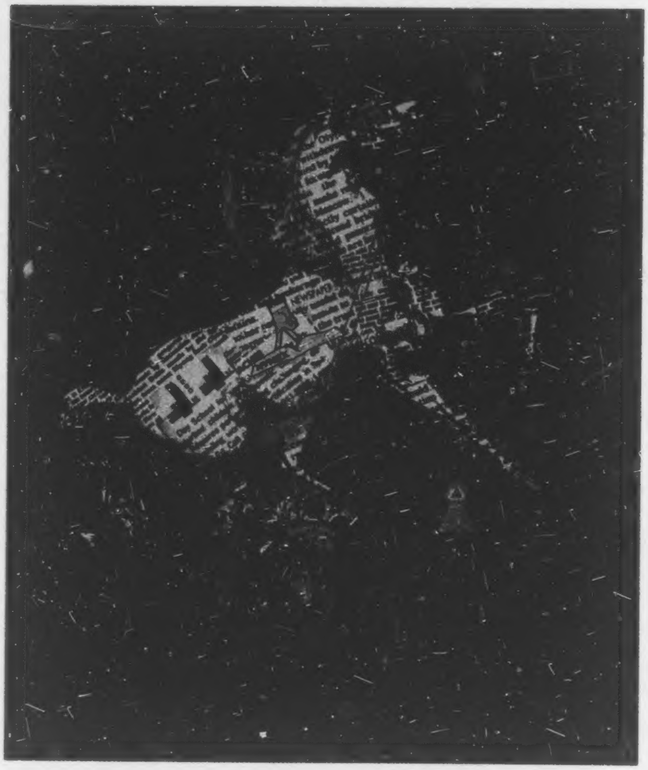
INTRODUCTION

Forecast 1986: Rates will rise but caution will rule



There is both good news and bad news this year in relation to media costs and where they are headed. The good news is that media costs are moderating — almost across the board — but the reasons why leave little reason to cheer. Cost increases are slowing largely because the economy is heard to be wheezing and marketers are looking to take preventive spending cutbacks before their bottom lines catch cold.

Worry over the direction of the nation's economic health — and government policies, or the lack thereof — is causing advertisers and their agencies to close the window on their media expenditures. Naturally, when demand slackens, prices weaken. What remains to be seen is whether the window will be slammed shut or pressed upon lightly to moderate formerly fast-advancing media budgets.

The uncertainty over the economy's future performance seems to have added an unusual bellicosity to agencies and advertisers' tones when assessing media rates for the upcoming year. Though buyers and sellers obviously have certain public personas and roles they must play when placing advertising dollars, this year's dialogue seems far more pointed than normal. Marketers are bristling that although less than in previous years, media increases in the 6% to 9% range are unwarranted. They are emphasizing that plenty of cheaper, effective media alternatives abound, and they will avail themselves of the opportunities. More careful choices have to be made this year, they say, as to which magazines or shows or newspapers will get their business, and one of the key criterion's will be price — and substantiated prices at that.

Buyers jump to point out that there are no special events to make inventory scarce and expensive in television this year, or to create a spillover demand situation in other media. By the same token, they reason that postal and paper costs have stabilized for pub-

Media Cost Rises

	1986 vs. 1985	1985 vs. 1984		1984 vs. 1983		1983 vs. 1982		1982 vs. 1981	
	Anticipated	Actual	Anticipated	Actual	Anticipated	Actual	Anticipated	Actual	Anticipated
Average increases—unit cost									
Nighttime network tv	7.0%	7.9%	9.2%	10.6%	9.6%	10.3%	10.7%	9.8%	11.0%
Daytime network tv	6.9	10.5	12.7	11.4	8.1	8.4	8.5	7.0	8.4
Spot tv	7.7	7.6	7.8	9.8	10.9	8.1	8.5	8.5	8.9
Network radio	7.2	7.9	7.3	8.0	9.0	7.8	8.7	8.0	8.5
Spot radio	6.8	6.7	7.4	8.7	8.7	7.5	8.4	7.4	7.6
Consumer mags	7.7	8.0	8.2	9.1	9.0	9.2	9.0	9.3	10.0
Nat'l Sunday mags*	6.7	8.3	8.3	9.1	7.9	8.1	8.9	9.5	9.1
Daily newspapers	7.9	8.0	8.5	9.0	9.3	9.9	9.6	9.4	9.1
Outdoor posters	7.2	6.5	7.3	8.0	9.8	8.7	8.5	8.7	8.3
Business publications	7.2	6.7	7.6	7.5	7.3	8.0	8.5	9.1	9.2

*** Poll results may not take into account recent changes in the field.**

lishers and direct mailers, thereby eliminating last year's major reason for price increases.

Furthermore, buyers note that the general rate of inflation remains low, while interest rates continue to fall. So how, they ask, can rate hikes almost double the 4% inflation rate be justifiable?

The answers supplied by sellers include the explanation that the Consumer Price Index measures only general inflation and not cost pressures on particular industries. The cost of doing business, they say, continues to float upwards, and must be reflected in their rates if they are to be able to reinvest in their properties and keep them attractive for advertisers and consumers. Also, they ask, aren't they entitled to raise rates if they are delivering more audience or better demographics than contracted for previously? These arguments are, of course, age-old on both sides, yet they have more of an uninviting sting this year as advertisers try and live with frozen budgets.

Trying to put these views in perspective is what this special issue is all about. Our object is to sift through the debate over media costs and present the clear evidence. What we have attempted to do is ascertain where costs are headed for the upcoming year in the most commonly bought media, and to look into the factors affecting pricing.

To achieve our goal, we have gathered analyses from recognized experts in their fields. A questionnaire was mailed to media directors around the country, asking them to share — anonymously — their expectations on media costs for the 1986 year, and to contrast it with the actual prices paid in 1985. Once again, we received a most helpful response, the fruits of which can be seen on the accompanying tables.

Following last year's warm reception to the inauguration of the economist and media analyst section, we have produced an encore. Ten leading economists and analysts present their thoughts on the nation's health and gauge its effect on media spending.

And, of course, we culled opinions from advertisers, media company executives and agency professionals regarding the why's, how-to's and alternatives to higher media costs. We thank you all for making your insights available to us.

From this compilation of sources comes the prediction that, on average, media units will cost 7.5% more in 1986 than in 1985. Last year's projection of an 8.9% average unit gain ended up overstating the case as it was based on a sense optimism that was tempered as the year progressed. According to our survey, costs actually rose some 8.1% in 1985.

While we received a range of opinions on media costs for the upcoming year, there was unanimity on one score — all bets were hedged. Whipsawing trends produced by leading economic indicators has everyone scratching their heads. On the one hand, optimists point to a low inflation rate (the CPI still hangs out in the 4% neighborhood), vastly lower interest rates (down a mammoth four percentage points over last year), strong, if erratic demand for goods and services (total sales have continued to grow at a 4.2% pace since the third quarter of 1984), and generally strong consumer confidence (the latest Conference Board survey pegs it at well over 90%).

But on the other hand, retail sales are weak (up 0.4% in July); auto sales have stalled (down about 10%); capital spending is in the doldrums (a growth rate of 6% versus 16% in 1984); the Gross National Product is anemic (up 1% for the first six months of 1985 as opposed to its 6.8% pace in 1984); inventory investment is slack (this measure recorded its largest three-quarter drop since World War II), and there is a lowering in housing starts and a dropoff in corporate profits. At the heart of the matter are fears about the still-huge deficit, the too strong dollar and its role in the balance of trade gap, and what, if anything, the Reagan Administration and Congress intends to do about these sore points. Looming in the background are concerns as to whether proposed changes in the tax code will carry, and with what impact.

Given this scenario, it is little wonder that advertisers are edgy. Robert J. Coen, senior vice president of McCann-Erickson and its economic seer, has lowered his tally for total advertising spending increases. He expects it to advance by 9.1% in 1985, way off 1984's 15.8% uptick, but better than 1986's projected 8.5% rise.

Our articles examine the forecast for cost containment in all major media. Each article also breaks out highlights of conversations held with agency and advertiser experts to give personal insight into how specific aspects of the changing media scene are viewed by those most directly affected. Taken together, we hope our efforts prove to be a helpful tool for weathering whatever tomorrow brings to marketing and media people.

Actual Media Cost Increases
1985 vs. 1984

Average increases	unit cost	audience	cpm
Nighttime network tv	7.87%	−0.74%	9.19%
Daytime network tv	10.54	−0.58	12.09
Spot tv	7.58	0.47	7.52
Network radio	7.90	1.79	7.31
Spot radio	6.67	1.50	5.91
Consumer mags	8.02	1.54	7.06
Nat'l Sunday mags*	8.29	1.68	6.62
Daily newspapers	8.04	1.27	7.29
Outdoor posters	6.55	2.11	6.38
Business publications	6.73	1.09	7.34
Response ranges (actual cost)			
Nighttime network tv	3/12%	−3/10%	5/12%
Daytime network tv	0/20	−8/11	3/23
Spot tv	3/13	−4/8	6/12
Network radio	2/13	0/9	2/12
Spot radio	3/12	0/9	3/12
Consumer mags	6/11	0/8	2/9
Nat'l Sunday mags*	3/11	−2/9	−2/10
Daily newspapers	5/11	−3/10	2/10.9
Outdoor posters	3/12	0/12	4/10
Business publications	4/10	0/8	5.4/10

* Poll results may not take into account recent changes in the field.

Anticipated Media Cost Rises
1986 vs. 1985

Average increases	unit	audience	cpm
Nighttime network tv	6.98%	−1.05%	8.30%
Daytime network tv	6.93	−1.13	8.85
Spot tv	7.68	0.33	7.23
Network radio	7.20	1.01	6.90
Spot radio	6.82	1.20	5.86
Consumer mags	7.68	1.65	6.88
Nat'l Sunday mags*	6.71	1.49	5.81
Daily newspapers	7.91	0.82	7.42
Outdoor posters	7.16	1.17	6.57
Business publications	7.16	0.93	7.17
Response ranges (anticipated cost)			
Nighttime network tv	2/11.5%	−5/10%	4/15%
Daytime network tv	2/11	−8/10	5/11
Spot tv	3/11	−4/8	2/13
Network radio	2/13.5	−3/8	2/13.5
Spot radio	3/10	0/7	2/10
Consumer mags	4/11	−1/8	4/10
Nat'l Sunday mags*	−5/11	−2/9	−5.5/9.5
Daily newspapers	4/12	−3/9	4/13
Outdoor posters	4/10	0/9	4/10
Business publications	3.8/10	0/8	5/12

* Poll results may not take into account recent changes in the field.

The economy's big chill — advertisers and media await a warming trend

The nation's economy appears to be nearing a turning point, but no one is quite sure which way it will go. Economic indicators are confusing. Almost half of the usual economic bellwethers point to continued health, with inflation, interest rates and consumer confidence all looking good. Yet other signs are troubling. Purchasing agents are holding back orders, new car sales are off, retail sales have the blahs, corporate profits have dropped off last year's pace, and there's a general air of unease.

The uncertainty has manifested itself in a slowing growth rate. Last year the economy grew at a smart 6.8% pace, but this year most economists are estimating only a 3% overall gain.

Although both the doomsayers and the rosy-hued optimists seem to have been wrong, there is little consensus on what is right. Leaving everyone guessing is what will and can be done about the enormous federal deficit, trade gap, and the too-robust dollar. The economists surveyed here all bring different perspectives on the outlook for 1986. They, and the financial analysts profiled, agree on only one thing: Whether the concerns be macro or micro, the economy's temperature will show real fluctuations.

The Economists' Views

Roger Kubarych, chief economist of The Conference Board:

"I would characterize the economy as sluggish, moving in fits and starts towards a 3% growth," forecasts Kubarych. But even this modest uptick may not be easily achieved, he warns. "The biggest stumbling block to this scenario is the strong dollar. Although it should fall 10% to 20% in value, it won't be enough." Kubarych's concern is that the strong dollar is making American products uncompetitive on world markets (and even here at home versus cheaper imported products), therefore worsening our balance of trade and particularly battering such industries as steel, chemicals and aircraft.

He does not expect the dollar to weaken significantly because the U.S. economy is still stronger than most countries and consequently attracts an outpouring of foreign investment. "There will be no respite from the strong dollar until there are better investment vehicles in Europe," says Kubarych, who characterizes those countries economies as "kind of stuck."

J. R. Kubarych

Nevertheless, Kubarych does not want to be known as a bear. "There is no recession on the horizon because there is no reason for it," he declares. "There's so little inflation and interest rates will keep coming down, which will be good for construction, car sales and local government spending. Usually high inflation precedes a recession," he explains. With that key ingredient thankfully missing, Kubarych believes that "the economy should move forward in 1986."

A. Gary Shilling, president, A. Gary Shilling & Co.:

"We are in a recession right now," declares Shilling. His reasons? "We have had very high real interest rates [the price the Federal Reserve charges banks for money] for some time now, and it is too much. There has been a huge flood of imports, exacerbating the trade gap between the U.S. and other countries.'' Concludes Shilling: ''The economy has just run out of gas.''

Shilling attributes much of this bleak picture to global problems that ''are coming thick and fast.'' For example, he ticks off, ''Europe has an 11% unemployment rate, which means they will cut down on the amount of goods they import. OPEC can't survive another worldwide oil slump. Brazil and Argentina may default on their loans to Western nations . . . We're the only engine in the world,'' he finds.

Not surprisingly, Shilling foresees no cumulative growth for 1985 and projects that unemployment will hit 9% by the end of the year. He thinks that scenario will continue at least through the first half of 1986.

However, Shilling points out that beyond that date, ''the rationale for recovery is the same as that for continued weakness.'' What Shilling means is that companies could see their inventories reduced enough to therefore gain more flexibility regarding marketing plans, and gain some relief from financing costs. And most importantly, interest rates should come down enough, in reaction to a sagging economy, to stimulate housing starts anew. ''A strong housing market flows over to other industries, and it should be enough for a 3% to 4% growth in the first part of next year, and probably mean a 2% to 3% growth for the entire 1986 year.''

G. Shilling

R. Cahn

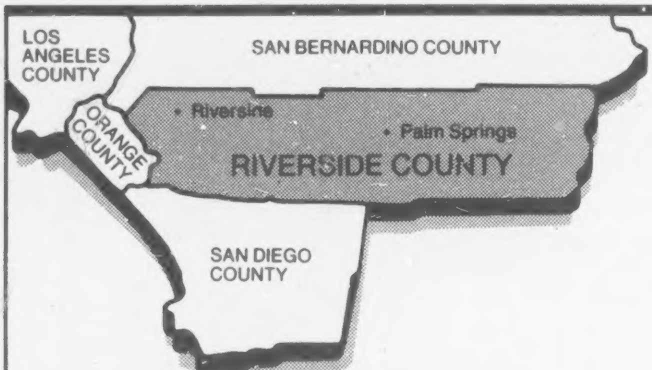
Is there at least a thin silver lining? ''We should see the bond rally of a lifetime.''

Roseanne Cahn, vice president, senior economist, Goldman Sachs:

''The economy is a lot less fundamentally robust than it was a year ago, and a recession in the second half of 1985 is possible,'' believes Cahn. ''But the Federal Reserve has been working hard against it, lowering the interest rates and all, and it's never a good idea to bet against the Fed. They've been good in the past.''

Although the dollar ''seems to have peaked,'' Cahn feels that the negative influences from its extraordinary strength earlier this year will have lingering effects. She points out that the dollar is still very high, making imported items popular with Americans and U.S.-made products too dear in foreign markets. ''The trade deficit right now probably takes away a substantial 1% to 1.5% from our growth,'' she figures. But Cahn thinks the worst is over for now and credits American businesses with having ''finally gotten around the problem through conservative inventory policies.'' Cahn estimates the dollar will tumble another 15% in value through mid-1986. With the resulting happy effect this will have on the trade deficit, plus low inflation, prudent management by companies, and Fed policies, she is projecting a ''modest pick-up in the second half of 1985.'' Growth, according to Cahn, ''should be up over 4% in the first half of 1986.'' She also predicts that ''the Fed will begin cutting off the money supply again by the fourth quarter.''

Lacy Hunt, chief economist, Carroll McEntee & McGinley, Inc.: Hunt is more optimistic about the economic outlook than many of his counterparts. ''The growth rate will be up 4.5% in the first half of 1986, from a total of 2% this year,'' he predicts. ''This will be due to very substantial monetary improvements, some of which have already taken place.'' For example, he points out that ''the M-1 rate [which is



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*ABC/Publisher's Statement for six months ending March 31, 1985

L. Hunt

A. Moskowitz

Projections at a Glance

	GNP	Unemployment	Inflation	Interest Rates (T bills, 3 months)
Kubarych				
Second half '85	2-2.5%	7.5%	3.0%	6.9%
First half '86	3.5	7.5	3.5	6.9
Shilling				
Second half '85	0	9.0	2.0-3.0	5.0-6.0
First half '86	3.0-4.0	9.0	2.0-3.0	5.0-6.0
Cahn				
Second half '85	2.5	7.2	3.8	7.5
First half '86	4.3	7.0	5.0	7.5
Hunt				
Second half '85	4.2	7.1	4.9	8.0
First half '86	4.4	6.8	6.3	8.9
Moskowitz				
Second half '85	2.0-5.0	7.25	4.0	6.5-6.7
First half '86	4.0-5.0	7.25	4.0	7.5

the amount of currency held in regular checking accounts, NOW accounts and travelers' checks] is 11%. Last year, at this time, it was running at 6.9% rate." The significance of this indicator is that the M-1 rate seems to indicate consumers' ability to spend by measuring cash on hand.

Feeding Hunt's projections is a belief that "the trade deficit is topping out," though still at a whopping level thanks to a weakening dollar. Thus, there will be a higher, but still manageable inflation rate of 6.1% for the 1986 year. "Unemployment levels should be slightly lower than the current 7% rate, and the new year should see the third straight year of exceptionally good housing starts," says Hunt. He also expects auto sales to "stay around the 8.5 million mark, despite heavy import penetration." These factors, he declares, should lead to "basic manufacturers having their best year since 1979 in 1986."

Arnold Moskowitz, senior vice president and economist, Dean Witter Reynolds:

"We have been in a recession for the past year, and it may last another three to five months," warns Moskowitz. He argues that "we've had no growth in industrial production for the past year. Meanwhile, the real GNP growth has come in at 2.5% or less the last year. And commodity prices have stayed level."

Nevertheless, Moskowitz sees some brighter signs. A combination of eased monetary policy, industry stabilization and savvy inventory management should contribute to an uptick in the economy during the latter part of 1985, and throughout 1986. "There should be 4% to 5% growth next year, as long as the dollar continues to drop and inflation remains where it is," says Moskowitz.

The Media Analysts' Views

Barbara Russell, vice president, media analyst, Prudential-Bache:

"The network's revenues have been slowed by disinflation, and the fact that they don't have the events they did last year," says Russell, referring to the advertising bonanza prompted by last year's Olympics and Presidential election. She also points out that "there is a lot of supply in the scatter markets, indicating that they will be weaker than last year's." All this leads Russell to conclude that "the revenue gains for the networks this year should only be in the 5% to 6% range." However, Russell also feels that the economy will pick up, which "should lead to better consumer spending [and hence advertising] and a better second half."

Among the networks, Russell sees NBC continuing to close the ratings share gap on CBS. "The pressure is on ABC — unless they come up with a real dynamo of a programing schedule, they could be in trouble," she says. According to Russell, "the Capital Cities takeover of ABC may ultimately affect pricing there. Cap Cities may not have a lot of experience in programing, but we know that CEO Tom Murphy doesn't take well to fat budgets, and that could mean significant cost reductions for the network."

In other broadcasting markets, Russell projects syndication to continue to do well, while cable "slows down substantially. The growing use of VCR's has hurt cable," believes Russell, but she also likes their effect on network television viewing.

In 1986, continues Russell, the networks will see "no short turnaround. There are stronger independent stations all over the country. But the economy will help some — we see 6% growth in GNP during 1986," she says. "And while the networks' share of the market will still go down, due to other viewing options, their rate of decline will slow."

Alan Gottesman, senior vice president, L.F. Rothschild Unterberg Towbin:

"It's a down market — advertising is generally sluggish," comments

Continued on page 99

Ted Bates reviews a decade at the races

As we approach 1986, galloping media cost rises are finally slowing their pace.

Introduction

Ted Bates Advertising has traditionally prepared an annual media cost trend. This particular study tracks cost efficiencies (CPM's) for nine specific media elements. Past trends in measured economic indicators (Consumer Price Index-CPI/Gross National Product-GNP) serve as a benchmark for our analysis. This year's study will focus on the events of the past decade: 1976-1985. Utilizing 1976 as a base year, it is possible to compare the overall performance of media CPM's against that of the CPI. This enables us to determine at what pace CPM's have risen over the decade and whether they are comparable to the overall increase in inflation. We will also examine the relationship of CPM's to the CPI on a year-to-year basis to ascertain whether there is an observable correlation between the two measures.

1976-1985: A decade at the races

The past decade, 1976-1985, has witnessed a dramatic upward trend in both inflation and in media CPM's. The CPI had an overall increase of 83% from 1976 to 1984 and is expected to reach 90% by the end of 1985, marking the conclusion of our designated decade (Exhibit I). The beginning of the decade was accompanied by substantial inflationary pressures which surged to even higher levels in mid-decade, but fortunately the decade seems to be ending on a disinflationary note. During this same ten-year period, media CPM's outpaced the growth in the CPI for virtually all media elements. The ten-year increase for all nine analyzed media elements collectively, through 1985, is expected to be 122%, a 36% greater increase than the CPI over the

EXHIBIT I

Cost Per Thousand Trends

Aggregate % Increase — Base Year 1976

Year	Day Net TV	Even. Net TV	Spot TV	Net Radio	Spot Radio	Mag	News	Sun Mags	Out-door	CPI
1976	0	0	0	0	0	0	0	0	0	0
1977	29	26	5	8	9	9	8	18	8	7
1978	39	38	5	17	15	20	17	20	20	16
1979	46	55	14	23	21	28	26	30	34	29
1980	62	76	23	32	29	44	39	43	48	46
1981	74	88	30	41	38	60	57	58	63	61
1982	90	132	41	51	46	77	74	78	80	70
1983	100	149	52	65	57	88	91	86	91	76
1984	116	186	69	82	68	101	108	99	109	83
1985 (est)	143	210	79	100	80	119	123	116	126	90

same period. Seven of the nine media elements featured CPM increases beyond that of the CPI. The two notable exceptions to this trend are the spot broadcast elements — tv and radio — both exhibiting increases at a slightly lower rate than the CPI.

EXHIBIT II

Percent Avarage Yearly Increase in CPM

	"Boom Years" 1976-79	Calm Between Two Storms 1980-81	"Boom" erang 1982	"Dis" Inflation 1983	The Big Gap 1984	"?" 1985
Broadcast						
Day	17	9	9	5	8	12
Evening	14	10	24	7	15	9
Spot	10	8	9	8	11	6
Network Radio	8	8	7	10	10	10
Spot Radio	6	7	6	7	7	7
Print						
Magazines	7	11	11	6	7	9
Sun Mags	8	10	12	5	7	8
Newspapers	9	12	10	10	9	7
Outdoor						
Posters	9	10	12	6	8	8
CPI	8	11	6	3	4	4

This decade began, for both daytime and network television elements, with CPM increases that substantially exceeded those of the CPI. When compounded over the entire ten-year period, these collective network increases have led to an overall CPM growth that greatly exceeds inflation. Daytime network television posted an aggregate increase of 143%, and evening network television exhibited an alarming 210% CPM increase, representing the largest increase of all reported media elements. Thus, both network dayparts not only outdistanced inflation, but all other media elements as well. Contrast this television network performance with spot television's increase of only 79%, and it is apparent that the television network/spot CPM relationship has undergone a major change, obviously favoring the spot medium.

In the case of network and spot radio, CPM increases lagged behind inflation for much of the decade. However, in the last few years, radio CPM increases have exceeded the moderate CPI growth rate and are now at comparable levels to that of inflation during that period — 100% for network radio and 80% for spot radio versus 90% for inflation.

The print media and outdoor have closely shadowed the path of inflation through 1981, but with increases in each of these media in the last four years considerably beyond that of the CPI, they ended the decade substantially ahead of inflation. Sunday magazines rose 116%, while newspapers and magazines followed with a 123% and 119% rise respectively. Outdoor closed the decade with a 126% overall rise in media CPM's.

Yearly CPM's vs. CPI fluctuations

Throughout the last decade, year-to-year increases in both media efficiencies and the rate of inflation have drastically fluctuated. Comparing the relationship of CPM's to the CPI for all nine media elements on a year-to-year basis enables us to determine if an apparent correlation exists between the two measures. The result, in graphic form, is a mixture of peaks and valleys which dramatically illustrates that there is no apparent correlation between CPM and inflationary growth.

In the past decade, CPM's outpaced the growth in the CPI for all media elements.

Stages in the decade

The beginning of the decade (1976-1979) saw a dramatic rise in media CPM's across all media, especially in television (Exhibit II). These years, in previous studies, have been identified as the "boom" years. Five of the nine media elements analyzed posted higher-than-inflation CPM increases during this four-year period. During the years immediately following (1980-1981), the rate of inflation peaked at an average yearly rate of 11%. However, in the same two-year period, average media CPM increases, especially in the broadcast area, dropped back from the highs of the previous years. Indeed only one media element analyzed in 1980-1981 exceeded the rate of inflation.

Beginning in 1982, it would appear that economic policies, geared toward controlling runaway inflation, began to take hold, and a disinflationary period ensued. With the moderation of CPM increases in 1980-1981 and inflation dropping substantially in 1982, one would have expected another year of stable or declining CPM increases. But in reality this was not the case; 1982 produced in some cases substantial increases in CPM performance. Thus, we characterized 1982 as a "boomerang" year, a banner year for media CPM increases.

With the rate of inflation moderating substantially, all nine media elements either matched or exceeded the CPI growth in this period. In fact, the evening network television CPM increase quadrupled the CPI growth rate.

The following year, 1983, saw continued improvement in the economy and inflation securely contained. The CPI dropped in half from 6% to 3%, the lowest inflationary increase since 1967. Media CPM's finally appeared

EXHIBIT III

Total Advertising Volume and Gross National Product

	Ad Volume		GNP		
Year	Millions	% Change	Millions	% Change	Ad Volume As % of GNP
1976	$33,300	19%	$1,718.0	11%	1.94%
1977	37,440	12%	1,918.3	12%	1.95%
1978	43,330	16%	2,163.9	13%	2.00%
1979	48,780	13%	2,417.8	12%	2.02%
1980	53,550	10%	2,631.7	9%	2.03%
1981	60,430	13%	2,957.8	12%	2.04%
1982	66,580	10%	3,069.3	4%	2.17%
1983	75,850	14%	3,304.8	8%	2.30%
1984	87,120	15%	3,680.0	11%	2.37%
1985 (est)	96,700	11%	3,971.0	8%	2.44%

to have responded to the "disinflation" trend in the economy with more moderate increases prevailing. However, despite this slowdown in CPM increases, they still were, in most cases, at least double that of the inflation rate.

1984

The economy in 1984 continued to improve, featured by low levels of unemployment, a moderation in interest rates, and a low inflation rate of 4%. These collectively contributed to a healthy economic environment. Although the economy had now experienced at least three years of moderate inflation (1982-1984), media CPM's in most cases were at least double that of the CPI for the second straight year. With double-digit increases in 1984 for three media elements, the gap between the CPI and CPM's in some instances was widening.

Network television, as usual, continued to lead the pack with a 15% CPM increase in prime time and an 8% increase in daytime. These were considerably higher increases than in the previous year and were partially due to the influence the Olympics and national elections had on the network television marketplace. Spot television also had a larger CPM increase (11%) than the previous year also due in part to increased local activity relating to the Olympics and the national elections. Radio repeated its increases of the previous year — 10% for network and 7% for spot. The print media, consumer and Sunday magazines, both experienced a slight increase to 7%, while newspapers declined to 9%. Outdoor CPM's increased moderately over the previous year to 8%.

1985

This year is expected to be a good year from an inflation standpoint. According to the Conference Board, the CPI is expected to remain steady at a 4% increase, while most media CPM increases reflect little change from 1984. An interesting phenomenon observed in 1985 is that the two network television elements appear to be reversing themselves with daytime network television posting a 12% increase versus 8% in 1984, while the evening network television CPM increase declines substantially from 15% in 1984 to 9% in 1985.

With the Olympics and the national elections eliminated, spot television CPM growth will be virtually halved — 6% CPM increase. Radio is expected to hold the line once again with the same CPM increases as those of the previous year (10% for network and 7% for spot). Magazines and Sunday magazines should see a slight rise to 9% and 8% respectively, while newspapers will post its lowest increases of the decade — 7%. Outdoor should remain constant at an 8% increase.

EXHIBIT IV

National Advertising Volume as a Percent of Total Advertising

Year	Total Millions	National Millions	National As % of Total
1976	$33,300	$9,017	27%
1977	37,440	10,271	27%
1978	43,330	11,794	27%
1979	48,780	13,357	27%
1980	53,550	14,837	28%
1981	60,430	16,625	28%
1982	66,580	18,375	28%
1983	75,850	20,626	27%
1984	87,120	23,510	27%

Total U.S. advertising volume performance

The past decade proved to be a healthy one for advertising volume which outpaced the growth in the GNP for almost every year since 1967 (Exhibit III). The one exception was in 1977 when growth between the two measures was identical. In the beginning of the 1980's, advertising volume increased only slightly more than the GNP. However, in 1982, growth in the GNP declined dramatically, indicative of a "pause" in economic expansion. Advertising volume, apparently unaffected by this decline, continued its double-digit yearly growth rate.

Advertising volume outran growth in the GNP for almost every year since 1967.

The following year, 1983, saw advertising volume again increase — 14%. The growth in the GNP doubled from the previous year to 8%, a clear indication that the economy again was on the upswing. In 1984 both measures posted healthy gains; advertising volume grew 15%, and the GNP increased 11%. Predictions for 1985 call for a slight decline in growth for both advertising volume and GNP, to 11% and 8% respectively, certainly a sign of lower economic expectations for 1986. Advertising volume, as a percentage of

EXHIBIT V

National Advertising Expenditures

Year	Net TV	Spot TV	Mag	Sun Mags	Radio	Outdoor	CPI
1976	100	100	100	100	100	100	100
1977	121	102	121	110	110	115	107
1978	139	121	145	115	123	122	116
1979	161	133	164	132	133	141	129
1980	180	152	176	146	154	144	146
1981	195	173	197	168	178	166	161
1982	217	202	207	183	189	185	170
1983	246	223	237	204	214	203	176
1984	284	253	271	224	246	218	183

GNP, has been steadily increasing since the beginning of the decade, reaching 2.37% in 1984 and in 1985 a projected 2.44%, which represents the highest point in the last quarter of a century.

Throughout the decade, the percentage of national advertising expenditures to local expenditures has remained fairly consistent at between 27%-28%, a relationship that is expected to continue in 1985 (Exhibit IV). National advertising expenditures for six broad media categories far exceed the CPI increases of 90% for the decade, from a high of 184% for network television to a low of 188% for outdoor (Exhibit V).

Conclusion

This analysis underscores the dynamic changes in the relative CPM performance of the nine media elements in the last decade. The television network elements, manifesting the largest increase over the last ten years, have today become considerably more expensive, especially in relation to the media elements at the other end of the spectrum, in particular spot television. These shifts in CPM relationships among media elements mandate a continuing reassessment by advertisers/agencies regarding media values and options.

If inflation continues to be controlled, hopefully the decade's historical spread between media increases and CPI will narrow in the future, and advertisers will be offered some relief from escalating CPM trends they have had to contend with in the last decade.

Fred Brandt
Deborah Ellis
Ted Bates' Media Information and Analysis Division

"Here's the deal, Jerry. We won't take any business with us, but we want your back issues of SRDS every month."

Footnote: Tables report trends in index form with 1976, the base year, indexed at 100. These estimates are based on unit costs of 30-seconds for tv and network radio; 60-seconds for spot radio; one page four-color for magazines; milline black and white for newspapers; one-page, four-color for Sunday magazines; and 100 showing for outdoor through 1981; 1982-1985 based on increases in 50 showing. Audience levels and CPM's are based on women 18+ for day network; total persons 2+ for evening network; tv households for spot tv; persons 12+ for radio; circulation for magazines, newspapers and Sunday magazines; and total population for outdoor. Sources for audience information are: network and spot TV — A.C. Nielsen; network radio — "RADAR": spot radio — Arbitron; magazines — Magazine Publishers Association; newspapers — Newspaper Advertising Bureau; Sunday magazines — Standard Rate and Data; Outdoor — Institute of Outdoor Advertising and estimates. Advertising expenditure and GNP data from Television Bureau of Advertising. Figures for 1985 are Ted Bates' estimates.

Note Regarding CPI: CPI is based on increases in yearly average rather than December to December average as supplied by the Conference Board.

Television prices may go sky high, despite the cloudy picture

The scenario for television pricing, suggest many, should go like this: Because of a shakier than usual 1985-86 prime time network lineup, audience erosion, uncertainty about the overall economy, a lack of major, new advertisers entering the marketplace and the unbridled growth of syndication, network tv costs will be kept down in the upcoming year.

That would be a very pretty picture, agree industry practitioners . . . too bad it won't get drawn. These cynics say that despite all the uncertainties that are part of negotiating network tv ad rates, the medium still retains its clout with marketers who want and need its enormous reach. In other words, despite what you may hear, tv is very much in demand.

Yet just where tv costs will go in 1986 is still another picture. In *Decisions'* survey on anticipated cost increases for 1986, media directors were planning on 8.3% CPM increases for network prime time and 8.8% CPM upticks in daytime. What they will wind up with, however, may be an entirely different matter.

Network outlook

Caution is the underlying theme in discussions with media directors regarding network television costs for 1986. "Advertisers are a little cautious about the economy now, and are waiting until their own third-quarter sales are known before plunking down fourth-quarter scatter commitments," advises Jack Otter, McCann-Erickson's senior vice president and director of national broadcast.

Colos

Otter's comments typify what seems to be happening at most shops as they get ready to tackle the fourth-quarter scatter market. What happens beyond that period — typically a volatile quarter because many clients' fiscal budgets coincide with the calendar year ending December 31 — is not yet uppermost in anyone's minds.

If advertisers are urging wariness, the networks are, not surprisingly, pushing optimism. They're still gloating over the $2.5 billion they just wrote on the upfront books this past season and are projecting revenues to grow another 9%-10% in 1986.

The majority of media directors, however, point to a later than usual start to fourth-quarter network scatter activity, which may signal that things indeed are slowing down. On the other side, the networks attribute the slow start to the fact that advertisers earmarked heftier portions of their budgets in upfront than anticipated, rather than waiting to take their chances in a hard-to-read scatter market.

As of late August, most buyers were

not yet active in the scatter marketplace and were describing a pretty tame scene. Conditions seem favorable to clients, with demand not outpacing the supply of inventory. Hence, cost increases for scatter time during the last quarter should be flat to slightly over upfront prices.

The networks, of course, remain bullish in both their long and short term outlooks. However, for such a self-described robust marketplace, network executives are unusually reticent to give details about this buying season.

At NBC, which is enjoying strong ratings and advertiser interest, Bob Blackmore, senior vice president, sales, for the network, rather mutedly describes fourth-quarter activity as proceeding "nicely, at an orderly pace." He also declines to discuss how much business is actually on the books for the quarter, and what percentage of inventory was still left.

Needless to say, NBC, which went over the $1 billion mark in the upfront market, will have considerably less inventory left to sell in scatter than its competitors. And it probably will have an easier time unloading it — and for a good price — than either ABC or CBS. Sources say that CBS finished upfront with $800 million and ABC about $700 million in sales.

Jerry Dominus, vice president of sales for the CBS Television Network, is optimistic when assessing the fourth-quarter market. "The quarter is pretty healthy," he allows, but "there are weak categories." He quickly adds that sales to soft drink and fast food marketers are up, and "the pace is picking up," he notes.

Jake Keever, vice president of sales for the ABC Television Network, describes the activity in the fourth quarter as "typical, but not great, because many advertisers have not submitted budgets." But the budgets that he has seen, he says, are good, particularly for daytime. Keever notes, too, that the fourth quarter is not exactly a barometer for how the rest of the year will fare, because of the volatile nature of the period.

Top 10 Advertisers in Television—1984
(thousands)

	Spot TV	Network	Total TV
Procter & Gamble	$239,328.6	$412,747.1	$652,075.7
General Foods	96,673.2	190,223.3	286,896.5
American Tel. & Tel.	17,235.9	253,117.2	270,353.1
General Motors	38,575.4	231,442.8	270,018.2
McDonald's	91,487.9	162,462.3	253,950.2
Pepsico	154,291.0	91,906.7	246,197.7
Anheuser-Busch	60,538.5	166,415.8	226,954.3
General Mills	109,243.5	116,706.6	225,950.1
American Home Products	29,284.8	179,089.0	208,373.8
Philip Morris	46,654.6	161,715.7	208,370.3

Courtesy of the Television Advertising Bureau

Privately, network executives express some concern about the economy and that advertisers are in a waiting, holding-back mode. Hence, the iffiness concerning the fourth quarter. But these sources expect that once budgets are approved by the end of December, advertisers will start moving money. "I don't know if it will happen in January or April, but they will start getting the company products out there again," believes one network seller.

Buyers, however, are seeing a much bleaker outlook. Richard Kostyra, senior vice president, media director at J. Walter Thompson USA, sees the 1986 network television scene as "dramatically soft when compared to the last couple of years."

He points to uncertain economic conditions which could affect network tv. Furthermore, the "maturity of media alternatives like cable and syndication will further fragment the television pie, particularly the strength of syndication," he notes. Kostyra says that unless some major spending — which he doesn't anticipate happening — occurs, the year for network tv may be down. Indeed, he's predicting that network tv costs, which have been outpacing inflation and the GNP, will either flatten out or possibly go down this upcoming year.

While certain tv categories, such as fast foods, soft drinks and autos may be up in spending for next year, Kostyra does not see that offsetting decreases in other categories. Overall, he thinks a lot of businesses have dried up, naming computers, games and certain drug products. Comparing last year's marketplace behavior to this year's, Kostyra notes early signs of advertisers getting squeamish. "We saw a lot of cancellation and sell-off options being exercised. Many clients simply overbooked last year," he explains, adding they could not live up to their heavy upfront investments.

"The market is not buoyant, and we see it right across the board for all media," he emphasizes. For network tv, Kostyra thinks the networks sold about 50% of their combined inventories in the upfront market, valued, he pegs, at roughly $2-$2.5 billion dollars. This would leave another $2 billion out there in scatter, or $500 million a quarter. "Even if the networks wind up in a shortfall position because of makegoods, that still leaves a lot of scatter out there," he reasons.

Therefore, JWT, in the short term, is expecting some bargains in the fourth-quarter scatter market. "Prime time prices should be weak, daytime is borderline, sports and kids are weak and news should remain strong. The market should be potentially flat, with little increase over upfront prices," predicts Kostyra.

As to how the 1985-1986 tv season will fare, buyers are waiting to count the casualties. Paul Schulman, president of the Paul Schulman Co , expects that the networks will be doing plenty of makegoods for upfront buyers, "when much of the schedule goes by the boards." For his own part, he's not too worried about makegoods, since the buying philosophy of many of his clients, such as MGM and Ralston Purina, is to buy high-rated shows. This strategy lets buyers steer clear of risky shows which usually means they end up with a schedule that runs as originally planned.

Schulman pegs the fourth quarter as "interesting." While the networks will probably be writing up plenty of makegoods, he says that all three have never been in better positions in terms of having their benches filled with replacements. "NBC has 20 programs already in development for its 9 P.M. Friday night slate, which is currently filled in with *Misfits of Science*," he says.

Some of the smaller advertisers who bought the risky shows will have an opportunity to renegotiate when their shows are cancelled, points out Schulman.. "This often works to the advertisers' advantage," he says. "Someone may wind up buying a weak show like *227* but later walk away with a new program like the new Valerie Harper series and come out way ahead of the game," he reasons.

"Out of the new crop, there is only one real solid newcomer, NBC's *The Golden Girls*," handicaps Schulman. "There will be plenty of makegoods and redirection of dollars," Schulman foresees. Given that outlook, a lot of the networks' scatter inventory could get gobbled up in makegoods, making it perhaps a tighter quarter than some people might be anticipating. "If you're waiting for good prices in the scatter market, you might not find them," he concludes.

Willard Hadlock, executive vice president, media services, Leo Burnett, tends to agree with Schulman's assessment of the near term. "The fourth quarter should be reasonably good for advertisers," he says. "ABC is still paying back makegoods, and that will continue into the fourth quarter. And you probably won't see as much dumping of last minute merchandise because of the makegood situation eating up inventory." But he also points out that this means "there really aren't the bargains that you used to find in scatter." Hadlock thinks that overall, "scatter will run higher than upfront." At this point, he says "we are not that concerned with scatter conditions. We bought most of our fourth quarter in the upfront."

National spot outlook

In *Decisions* annual survey of cost trends, buyers were expecting a 7.2% CPM increase in national spot tv costs

WHAT'S THE MOST EFFICIENT WAY TO REACH FAST-FOOD CUSTOMERS IN THE SIOUX CITY MARKET?
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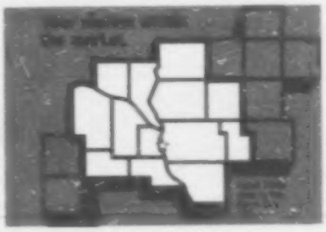
*S&MM = 1984 Retail Sales Estimates



A Felzer Station

KMEG-TV

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for the upcoming year.

National spot tv trends, in part, are difficult to predict because advertisers are committing their dollars closer and closer to airtime. Katz Television, the largest tv rep firm, nonetheless expects 1985 to close 11%-12% ahead of 1984 . Katz further projects that 1986 will be even stronger — some 12% to 13% ahead of 1985.

Peter Goulazian, president of the Katz Television Group, points to increased spot dollars coming from the political sector, since there will be local and Congressional elections in 1986. While Goulazian is bullish on the year ahead, he does not expect big CPM increases for advertisers. He sees CPM's coming in around 5% to 6% higher in 1986.

In terms of geographical trends, Goulazian does not see any real patterns in terms of sticky markets. "Problem markets are scattered about and don't tend to cluster in one area of the country. But one thing does trend out — in bad markets, the NBC affiliates and indies tend to do better and get higher rates than the market as a whole," he advises.

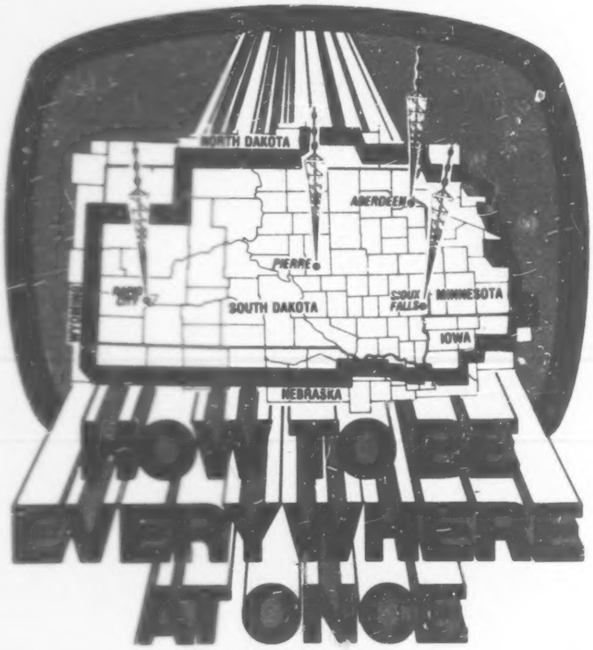
In terms of what impact, if any, last year's avalanche of station sales will have on advertising prices, Goulazian does not expect any effect for awhile. "Costs won't really trickle down yet because many of the large deals have yet to be finalized," he points out. But once all of the paperwork is cleaned up, sometime next year, Goulazian would not be surprised to see some impact on advertising costs. "Those deals were very large investments with high multiples, and they will result in increased competitive pressures for the new owners. Eventually, all of the stations in the market will respond likewise," he predicts.

All in all, Goulazian does not expect any radical changes for 1986. He predicts that advertisers will continue to allocate the usual 28% to 29% of their total tv budget to national spot tv.

Over at Blair Television, Pat Devlin, executive vice president and director of sales operations, expects 1986 to come out 10%-12% ahead in national spot sales, as compared with 1984 which ended up 14.5% ahead. Coloring his forecast is the growth of barter and its impact on inventories. More and more stations, he finds, are giving up time in exchange for "free" programing. He's looking for CPM's to increase a "little higher than previous years, but still far below network increases."

JWT's Kostyra, who thinks that all media will be soft in 1986, reasons that spot tv budgets are usually one of the first items advertisers cut. "They plan network first and fill in with syndication and then spot," he says. "When they cut, they start cutting from the bottom." As to all the election monies that sellers hope are out there to eat up their inventories, Kostyra refers back to 1984, when the big political dollars failed to materialize in the quantity sellers expected.

Continued on page 100



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A conversation with George Mahrlig

George D. Mahrlig is director of media services at Campbell Soup. While not one of the top ten tv spenders, Campbell's, which last year spent $96 million in the medium, is regarded as one of the savviest tv negotiators.

On the economic outlook:
Managements everywhere are more cautious about the economy. It's not just at Campbell Soup or the food processing industry, but everywhere. Management tends to be less bullish on income and that filters down to questions of advertising and media.

Impact on network tv buys:
That caution has caused some individual brands to rethink how they use network television. But the impact has not been felt yet overall for all brands. What we may find later on in the year is that, if those brands in question turn out to have a better year than expected, they might buy more tv during scatter than originally planned.

Fourth quarter outlook:
It really has not taken off and it appears to be on the soft side.

Outlook on daytime network tv:
For some brands, daytime tv is not as important as it once was, but advertisers are not exactly abandoning daytime. We have not noticed less demand for daytime. What we have seen happening with daytime tends to depend on individual brand's needs. For example, if a brand has dual dynamics — by that I mean women may purchase the product, but males and teens consume it — then the brand is less likely to be dependent on daytime tv. But daytime tv is still the primary way of reaching the female homemaker.

On CBS' 15-second newsbreak:
It is a move by CBS to take a product they had considerably less demand for — the 10-second break — and make it more attractive for advertisers. It appears to be an isolated thing. Whether it is the precursor to a solo 15 is anyone's guess. What I do know is that one way or another this will enhance the income of the network.

A conversation with Marc Goldstein

Marc Goldstein is senior vice president and director of network programing at Ogilvy & Mather. When interviewed on tv cost trends for the upcoming year in mid-August, Goldstein summed up overall market conditions in one word: uncertainty.

On the feel of the market:
The fourth quarter is generally a volatile one because many companies' fiscal years correspond to the calendar year ending December 31. But this goround, we are really sweating it out on our reading of the fourth quarter. There is unsureness about the economy — retail sales are flat, there are questions about an automobile strike. Advertisers are quite cautious.

On cost increases:
We publish numbers internally for the purposes of planning and those numbers are updated along the way. We tell clients what it will cost them to go upfront and what they can expect to spend in the scatter marketplace. Some months ago we thought scatter would be a little higher than upfront and advised clients accordingly. But now we think there will be some opportunities in the fourth-quarter scatter market — mostly in prime time, but some daytime — where prices will be equal to or below prime time prices. But we may not even have a firm handle on fourth quarter until December 1.

We are sweating it out. There is unsureness about the economy. Advertisers are quite cautious.

On gambling in scatter:
Taking a chance on scatter in the fourth quarter depends on the client. Some clients can afford to be flexible and take advantage of last minute opportunities, others can't afford it. If you're a toy company you have to be out there on October 15 and you can't afford to chance scatter, or if you do, only a small percentage of your budget.

On CBS' 15-second newsbreak/ sportsbreak commercial as a trailblazer for solo 15's:
It's an isolated thing and I'm sure NBC and ABC will follow suit. For the short term, I don't expect that the 15 will become the basic unit of sale. CBS was having difficulty selling its 10-second newsbreaks (which sold for 60% of the cost of a 30-second spot) and that move was CBS' way of making those spots attractive to possible 15-second advertisers.

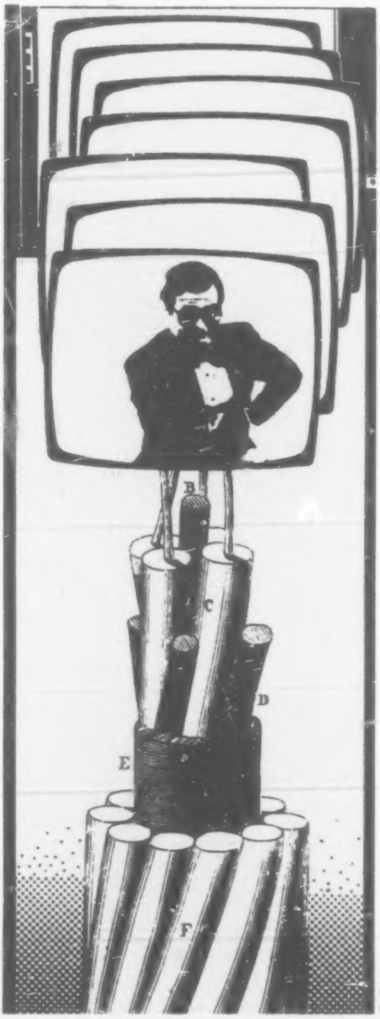
Cable puts a lid on rises as it redefines its base

Expect 2-4% as the new kid in broadcasting continues to feel growing pains.

The general view on cable is that, from an advertising standpoint, it should be only slightly more expensive to buy next year than last year. Most expect CPM's to inch up around 2% to 4%, while overall rate hikes should stay under 10%.

This prediction is based on cable's current state of affairs. "What the cable networks charge is a blend between changes in their household coverage base, their ratings levels and their actual audience delivery levels," says Ron Kaatz, U.S. director of media concepts for J. Walter Thompson. "If their coverage base and ratings go up they can increase their rates. If coverage goes up and ratings stay flat they can increase rates less. And if there's no significant change in coverage and ratings decline, they can't increase prices. With the amount of time cable nets have available to sell there is no reason for anything but modest increases in CPM's of just a couple of percentage points."

Cable is still a medium in a state of flux. Its penetration is increasing — it's now in 45.7% of U.S. households, up from 42.5% at the same period last year — subscriber counts are rising, viewers are more familiar with what's on and the cable networks themselves are on the verge of better quantifying for advertisers what kind of audience demographics they draw. Also to its credit is its undeniable role in the erosion of viewers from network television. Yet the medium is still thought of as "fledgling" by most advertisers. Indeed, though more and more marketers are opting to use cable, and/or increasing their advertising outlays, the dollars spent are but a drop in the bucket as compared to expenditures for television or magazines.



Colos

There are many reasons why cable's growth has been slower than expected. For starters, wiring of major markets took longer and cost more than planned. Then too, cable as a whole has not promoted its programing to viewers as strongly as advertisers and agencies would like. Plus, many buyers have shied away because of a lack of marketing information. Until the last year or two, few services were monitored for Nielsen ratings. Others also note that commissions on cable billings are not nearly as lucrative to agencies as those from television, perhaps diluting the agency incentive to support the newer medium.

Cable marketers now say advertiser attitudes are warming, thanks to changes the industry and individual services have made. For example, the cable industry is moving away from what was its birth announcement: a new form of broadcasting that would

Marketing & Media Decisions Scatter Cost Estimates Of Key Cable Networks

Cable Network	Subscribers		Daytime			PrimeTime Entertainment			Live Sports			Kids Programing			Young Adults Programing			News and Information		
	5/84	5/85	Rating / HH (000)	Est. CPM	Est. $1:30	Rating / HH (000)	Est. CPM	Est. $1:30	Rating / HH (000)	Est. CPM	Est. $1:30	Rating / HH (000)	Est. CPM	Est. $1:30	Rating / HH (000)	Est. CPM	Est. $1:30	Rating / HH (000)	Est. CPM	Est. $1:30
ESPN	32.7	36.5 mil							Col. BB 1.7/621 Col. FB 4.0/460 Hockey 1.5/548 Golf 1.0/365 Tennis .6/219	$4.50 $4.50 $4.50 $4.50 $4.50	$2800 $2100 $2500 $1650 $1000									
WTBS	31.0	34.8	M/F 1.7/592 S/S 3.0/1044	$2.25 $2.75	$1300 $2900	2.8/974	$4.50	$4400	Baseball 2.8/974 NBA 30/1044 Col. FB 2.3/800	$5.95 $4.50 $5.50	$5600 $4700 $440	M-F 1.1/383 Sun. am1.8/626	$2.25 $2.25	$900 $1400	Nighttracks F/S 1.2/418	$3.50	$1500			
CNN	23.8	34.8	M/F .7/244 S/S 1.0/348	$2.25 $2.25	$550 $800	.9/313	$4.00	$1250										.8/278 Spec Bus. Shows .8/313	$4.00 $5.85	$1100 $1700
USA	23.0	30.6	M/F .8/245 S/S 2.0/612	$2.00 $2.30	$500 $1400	1.9/581	$4.25	$2450	Tennis 1.0/306 US Open 1.81/551 Col. BB 1.3/398 NIT 1.5/459 Col. FB 1.3/398 Golf 1.5/459	$1.90 $7.60 $4.25 $5.25 $5.00 $4.80	$1500 $4200 $1700 $2400 $2000 $2200	3.3/1010	$2.25	$2300	Radio 1990 1.4/428 Nightflight .8/245	$3.50 $4.50	$1500 $1100	Biznet .3/92 Wall Street Journal 2.1/643	$3.26 $4.75	$300 $3000
CBN	23.0	29.7	M/F .4/119 S/S 2.2/453	$1.50 $2.00	$175 $1300	1.3/386	$3.75	$1450				M-F 6:30-10am */*	N/A	$1800				M/F 4-6 game show 1.3/386 M/F 6-8 1.4/416 M/F 11-1am .6/178	$2.00 $3.00 $2.75	$775 $1250 $500
MTV	21.8	28.0				1.1/308	$6.50	$2000							.8/224	$5.00	$1100			
LIFETIME	20.0	23.8	.3/71	$1.35	$100	M/F .6/143 S/S .6/143	$5.25 $5.25	$700 $700												
NICKELODEON	19.3	25.5							.8/204	$5.00	$1000									
FNN	16.8	16.1													.3/48	$10.40	$500			
THE WEATHER CHANNEL	12.3	18.7	.4/75	$3.50	$275	.4/75	$3.50	$275							.4/75	$3.50	$300			
NASHVILLE NETWORK	14.2	23.8	.3/71	$1.50	$125	.7/167	$3.00	$500												

**below reporting standard*
Source: Paul Kagan Associates Inc., Carmel, CA.

allow programers and advertisers to target very specifically certain sections of the viewing universe. Now, most services are trending away from narrowcasting and going towards offering more general audience entertainment. As a result, they are finding more takers for their advertising time.

With subscriber counts increasing at the rate of about 300,000 a month, cable is becoming more difficult to ignore. As of July, cable claimed 39 million subscribers, up from 37 million the previous July. The regular availability of ratings and demographic breakdowns have boosted cable nets' revenues and credibility as an ad vehicle. Twelve cable networks are now metered by Nielsen. In the last few months of 1984, metered cable viewership reached an all time high, with over 2.3 million tv homes delivered on a 24-hour basis and 3.3+ million viewers in prime time. The demographics of these viewers are very attractive to advertisers. Cable households generally are more affluent than the total population.

These kinds of numbers helped cable tally up an estimated $460 million in ad revenues in 1984, up 52% from 1983, by Paul Kagan Associates' count. Kagan is targeting a 32% ad revenue increase for this year, to $606 million. One bright spot has been the boom in ad spot sales. Local ad sales zoomed up 70% to $86 million and could add another 50% gain to $129 million this year, claims Kagan.

Two major factors which continue to keep the cable ball in motion are the continuing dropoff in network television audiences and the high costs associated with that medium. According to Nielsen, audience tune-in to network shows dipped 2% to 77% — the sixth-straight year of declining numbers. At the same time, advertisers continue to pay high prices for commercial time. A typical 30-second network spot during prime time averages $60,000 to $125,000, while a similar slot on a cable network — MTV — goes for around $2,000.

Interestingly, while cable's impact on network viewing has been widely documented, less well known is the falloff in popularity of network affiliates and independents. Audiences of network affiliates and independents are continuing to drop in total tv and cable households, while viewers of ad-supported cable — particularly satellite networks — kept growing nationally. For the first six months of 1985, on a total day basis in total television households, network affiliates had a 66% share, down from a 69% share last year at the same time. Independents had a 16% share, versus a 15% share last year. Public tv had a 4% share, the same percentage as in the corresponding 1984 period. Cable garnered a 20% share — of which 14% was to ad-supported nets and 6% to pay — against a 17% share last year.

Cable Advertising's Top 10
(thousands)

	1983	1984	% Change
Procter & Gamble	$15,172.2	$24,182.2	59.4%
Anheuser-Busch	15,760.9	15,477.8	−1.8
General Foods	11,290.3	13,169.1	16.6
General Mills	10,258.8	11,339.3	10.5
Time Inc.	5,517.7	7,191.5	30.3
Ford Motor Co.	5,087.0	6,892.1	35.5
Bristol-Myers	6,505.5	6,242.2	−4.0
Toyota	5,247.6	5,390.7	2.7
Thompson Medical	1,016.2	4,456.0	338.5
AT&T	2,789.3	3,456.6	23.9
Total/Avg.	$78,645.5	$97,797.5	16.7%

Source: BAR

"Buying independents to counteract network erosion and underdelivery clearly isn't the answer because independents too are eroding," says Radford Stone, vice president, national marketing director of the Cable Advertising Bureau. He pitches that "advertisers gain audience efficiencies in terms of reach and frequency delivery when they convert a significant portion of their broadcast budget to cable."

Though few if any major advertisers are taking Stone's advice literally, many are increasing their commitments to the cable realm. Kagan analysts observe that cable networks are being paid on a nearly equal basis with ABC-CBS-NBC for their share of viewers. That is, cable's 1984 audience share as a percentage of broadcast network viewing was 6.55% and cable had 6.49% of broadcast network revenues. In fact, say Kagan speculators, 1985 may be the year when cable nets will be receiving a slight revenue premium, about 2%, over their viewing share.

One way cable is attracting more dollars is to change its programing focus. Recognizing that entertainment is the name of the game, cable programers are leaving behind more narrowly focused shows in favor of those with broad general appeal. "We're not reinventing the wheel," notes Dan Lawlor, vice president of national ad sales for USA Network. "We can experiment a little more but we are first and foremost an entertainment vehicle. Broadening our appeal makes us more attractive to advertisers."

Indeed cable nets are expanding their horizons while still keeping to their basic network genre. For instance, FNN is throwing some sports into its mostly business programing. ESPN is talking about doing a movie (most likely sports-themed); and Nickelodeon's nighttime programing, *Nick at Night*, is aiming at broader audiences.

A conversation with Don Miceli

Don Miceli is the associate director of media services for General Foods, one of the major advertisers on cable.

On how General Foods buys cable: We buy cable based on audience delivery, which is not dissimilar from our approach to network tv. However, network shares have been driven down by other avenues of viewing, so we make up for audience loss through syndication and cable. About 4%-5% of our total tv budget goes to cable, principally for buys on WTBS, CNN, CNN/ Headlines, CBN, and Lifetime. We are only slightly involved in local advertising except for local regional brands like Yuban (primarily a West Coast item) because local cable is too difficult to measure and comes out to be expensive.

On how GF uses cable:
In addition to buying national spot, we have partial sponsorship on WTBS of the *Cousteau Special* and *Portraits of America*. The advantage of that approach is that we get identification with the program, and billboards at no additional cost. Of course, the most important aspect is the positive association between the quality program and our name in the viewers' mind. We also began, in late October, "drop-in programs" called *Short Cuts*, which give quick tips on preparing easy, nutritious meals. The drop-in has 90 seconds of programing which contains no product mention, and then a 30-second spot commercial; all told, 120 seconds. The program runs on CNN, CBN, Lifetime, USA, and Nashville Network. It's a low cost way to get product association in an informative manner since there's some rub-off for the General Foods' products in the program. The fact that the program actually contains the tag-on commercial is a nonintrusive way of retaining viewer attention.

Local cable is too difficult to measure and comes out to be too expensive.

On cable benefits:
Cable networks are becoming more general-audience inclined, and are becoming no different than broadcast tv. Cable also makes up for network share loss, and at a substantially lower cost. We consider cable, though, to be principally beneficial in its environmental targeting, despite the trend toward generality in programing. CNN and Lifetime still have a good target and MTV is particularly good for reaching hard-to-reach teens.

On the future:
We'll be continuing our national spot buys and developing drop-in programs like *Short Cuts*. Considering the low cost of producing drop-ins, we feel they are an excellent way to extend our reach via many cable networks. We've been involved with cable for the past five years and most likely will accelerate our participation as cable continues to mature.

Projections of Cable TV Network Advertising

Year	All TV Homes x	Avg. HUT =	Viewing Homes x	Bcast Share =	Bcast Viewing Homes	Cable Ad Homes x	Avg. Cable HUT =	Viewing Homes x	Cable Viewing Share =	Actual Cable Viewing	Cable % Bcast Viewing	Cable % Bcast Revenue	Bcast Netwk. Revenue	Cable Netwk. Revenue	% Ch.
	(mil)	%	(mil)	%	(mil)	(mil)	%	(mil)	%	(mil)	%	%	(bil)	(bil)	
1984	85	50	42.5	69	29.32	24.0	50	12.00	16	1.92	6.55	6.49	$7.07	$0.460	51.9%
1985	87	50	43.5	68	29.58	27.5	50	13.75	17	2.34	7.90	8.07	7.49	0.606	31.7
1986	89	50	44.5	66	29.37	30.5	50	15.25	18	2.75	9.35	9.53	8.39	0.800	32.0
1987	91	50	45.5	64	29.12	33.5	50	16.75	19	3.18	10.93	11.15	9.40	1.048	31.0
1988	93	50	46.5	63	29.30	36.5	50	18.25	20	3.65	12.46	12.71	10.53	1.338	27.7
1989	94	50	47	62	29.14	38.5	50	19.25	21	4.04	13.87	14.15	11.79	1.669	24.7
1990	96	50	48	60	28.80	40.5	50	20.25	22	4.46	15.47	15.78	13.21	2.084	24.9
1991	98	50	49	60	29.40	42.5	50	21.25	23	4.89	16.62	16.96	14.79	2.508	20.4
1992	99	50	49.5	60	29.70	44.5	50	22.25	24	5.34	17.98	18.34	16.57	3.038	21.1
1993	100	50	50.0	60	30.00	46.5	50	23.25	25	5.81	19.38	19.76	18.56	3.667	20.7
1994	101	50	50.5	60	30.30	48.5	50	24.25	25	6.06	20.01	20.41	28.78	4.241	15.7

Source: Reprinted with permission of Paul Kagan Associates, from CABLE TV ADVERTISING NEWSLETTER. *March 1985.*

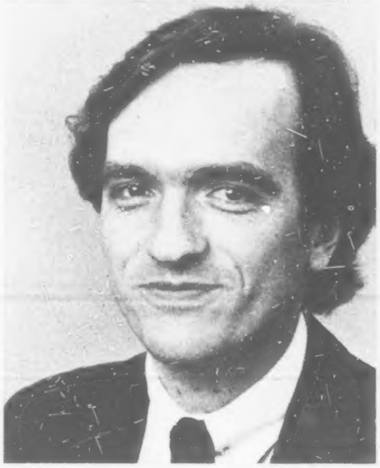
Most importantly, says Lawlor, cable is becoming a "quantitative sell," to the AB-county, upscale, $30,000 plus household. "Cable is on the way to quantifying its geographic specification and demographic/usage characteristics in its sell to advertisers," adds Bob Williams, president of New England CableRep, the national cable advertising firm. "Cable is finding ways of translating the value of its audience by applying multipliers to broadcast efficiencies," he explains. The multipliers are arrived at through geographic evaluations of advertiser needs and demographic/usage considerations of advertisers' products and services, continues Williams. "Cable is beginning to get a better grip as to who its subs are and how the medium fits into advertisers' planning. The cost of advertising on cable will begin to adjust itself to be more in line with what makes cable a good buy versus other options in the market."

While realizing the necessity to prove performance to advertisers, many cable network executives are resentful of what they view as a fixation with numbers. Bob Roganti, senior vice president of advertising for MTV, which is known for its target delivery of hard-to-reach demos, says, "The quantification argument has been beaten to death. It's something that the clients have forced everyone into, and we've done it, which either means we're smart or weak. I'm not sure."

Continued on page 97

A conversation with Larry Blasius

Larry Blasius, BBDO's vice president of network programing, holds some definite views on cable usage.



On using cable:

BBDO is still very positive about cable and we encourage different approaches to the medium depending on the client's goals. Client approaches run the gamut from spot buys to placing programing as sponsors. For example, Pepsi-Cola USA and Wm. Wrigley, Jr. Company buy spots; Pepsi is especially heavy into MTV and buys the full range of cable: USA, Lifetime, WTBS, BET, Weather Channel, Nashville Network, and CBN. Wrigley buys VH-1 as well. We worked with Menley & James to develop **Fitness Magazine** which ran first on USA, then as a rerun on CBN and went on ESPN first quarter of this year. Campbell Soup produced *Woman's Watch* which ran on WTBS, USA, and CBN 1983-84, and completed its run in 1985. Armstrong Corporation sponsored *Design for Living* on USA and that ran the fourth quarter of 1984.

On client-sponsored shows:

The advantages to client-sponsored programing varies by client. In the case of Campbell's they developed shows to target a particular demo that would highlight women in a positive way. *Celebrity Chefs* integrates the product into the show and that gives Campbell's more mileage than running spots. Menley & James adopted a strategy to foster viewer identification with their product and the fitness show. In the same manner, *Design for Living* acted as a symbiotic rub-off from the show onto the product and vice versa.

When advising clients as to the best approach, we keep in mind cost and goal factors and environmental concerns such as what demos the cable network delivers.

On cable trends:

The more cable nets grow, the more general entertainment they become. And the bottom line is that advertisers will get more interested in that larger audience reach. The economic survival of a number of the cable networks hinges on their getting away from narrowcasting.

On cable costs:

The cost varies depending on the client and his association with the cable net. Charter clients like Pepsi still retain preferred rates which involve paying lesser costs over a period of time. Pepsi, for instance, got involved in the launch of MTV and as such retains charter advertiser status. The law of supply and demand applies to cable even more so than to broadcast networks. It's still a buyer's medium from the negotiation standpoint. No cable network can claim to have a sold-out inventory. Overall CPM's are increasing 2%-5%, but along with that goes the leveling off in growth, so you really can't legitimize cost rate increases as you could have two or three years ago when there was rapid growth rate. Base costs will rise proportionately to increases in subscriber growth.

On audience measurement data:

Some people think there's too much data available; others think there's too little. One of the big issues is the revising of methodology as far as Nielsen's evaluating of audience composition. CNN took issue with the diary system in the fact that the diary was underestimating true audience. So they asked agencies to factor in their coincidentals to Nielsen's. It's been up to the individual agency buyer whether or not to do that. There is a need to standardize cable audience measurement since we need to evaluate all the networks in a uniform manner.

Radio may be hot, but its rate hikes are not

Moderation is the key as radio once again gets the ear of segmentation fans.

With more than 8,500 commercial radio stations and 18 radio networks broadcasting today, the radio business is a many-tentacled beast.

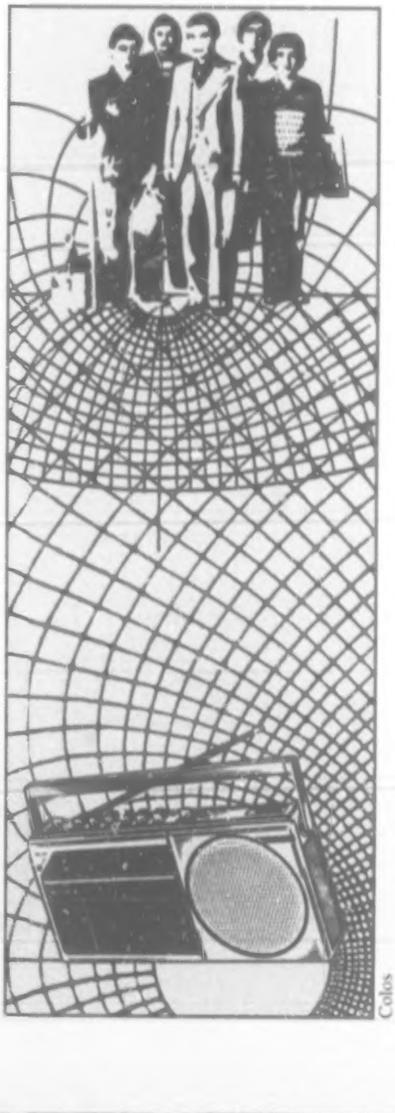
Cost increases occur gradually in this far-flung industry, which each year manages to improve its share of advertising expenditures by enough percentage points to stay just ahead of the Cost of Living Index.

From 1983 to 1984, radio's CPM grew 6.8% and its spot unit cost rose 8.1%. The CPM index for network radio rose from 264 in 1984 to 282 in 1985, an increase of 6.8%.

In national spot radio, the CPM index grew 5.4% from 221 in 1984 to 233 in 1985, according to the Radio Advertising Bureau, which calculates percentage increases from CPM indices from McCann-Erickson's annual survey of media costs.

Decisions' annual cost survey projects that network radio CPM's will increase 6.9% and that national spot will be up 5.9% in 1986.

Advertising revenues for network radio grew 13.6% from 1983 to 1984, and increased by the same percentage in the first half of 1985, according to the RAB. Spot revenue grew 11.9% in the first half of 1985 after jumping 15.8% in 1984. Based on year-to-date revenue figures provided by the Radio Network Association and Radio Expenditures Reports, the RAB projects that 1985's network revenues will total $327.2 million and that national spot will amount to about $1.3 billion.



Colos

National spot outlook

Radio outlets around the country vary greatly in size, transmitting power, income, programing and community influence. That economic diversity results in wild variations in advertising rates. For example, in 1985, a station in a small market sold 60-second commercials for $3, while a major market station commanded $2,500 for 60 seconds during a major personality's morning drive-time shift.

Given the lay of the land, radio buyers find it hard, if not impossible, to provide meaningful CPM estimates for national spot for 1986. "With almost 9,000 radio stations, it is very difficult to pinpoint increases," bemoans Lenny Stein, broadcast supervisor at Young & Rubicam. Nonetheless, Stein is not expecting any radical cost changes for most markets. "There will be increases in given markets on a few stations, simply because of the supply and demand situation," he predicts.

Of course, some markets are just hotter, and therefore more expensive, than others. And not surprisingly, this year's hot markets once again tend to be clustered in the Sunbelt. Jim Dun-

Radio's Top 10 Network Advertisers-1984 (thousands)	
American Tel. & Tel.	$16,343.9
Cotter & Co.	10,201.3
Jeffrey Martin	9,349.1
Sears Roebuck & Co	8,630.3
Warner-Lambert Co.	8,143.0
General Motors Corp.	6,745.6
Purex Indus.	6,715.0
Dow Jones Co.	6,430.5
Anheuser-Busch.	6,231.4
Triangle Publications	5,227.7

Source: Broadcast Advertisers Report

can, author of "American Radio," a yearly report which analyzes ad cost trends, points to Houston, Los Angeles and Dallas as being successful in boosting their ad rates.

Other markets are clearly less attractive to national spot advertisers. In Blair Radio's outlook for the third quarter 1985, the Philadelphia market "is plagued with a number of inactive and lost accounts," with the market pacing about 20% below last year's third-quarter levels. And Blair's outlook for Chicago, Detroit, Minneapolis and St. Louis is mixed to poor as well.

In Philadelphia, Rick Guest, general sales manager at WFIL/WUSL-FM, is dissatisfied with the market's generally low cost per point. "The big radio stations," Guest says, "continue to be afraid to ask for big rates. I come from Dallas where an average cost per point in a good season is $100. For a market this size — plus the audience that we deliver — we are under-priced by about 10-15%."

One factor some buyers cite as helping keep spot radio costs down is the use of unwired radio networks. While many buyers clearly believe that unwired networks ease the buy — alleviating the need to deal with stations on an individual basis — some also suggest that it keeps costs down as well. Doug Seay, vice president and director of network operations for Lord, Geller, Federico, Einstein, belongs in that group. "Any alternative opportunity helps negotiations, and better negotiations keep rates down," he believes.

Radio's Top 10 National Spot Advertisers-1984 (thousands)	
Anheuser-Busch	$38,287.6
American Tel. & Tel.	33,316.3
General Motors	30,835.9
Van Munching & Co.	30,650.9
Pepsico	25,025.3
Miller Brewing	20,855.7
Delta Airlines	19,321.0
Coors Brewing	18,926.9
Chrysler Corp	18,776.6
Political advertising	14,317.1

Source: Radio Expenditures Reports

National radio reps point to another factor which may affect advertising

A conversation with Marlene Chautin

As local broadcast supervisor at Young & Rubicam, Marlene Chautin is involved in the placement of national spot radio schedules for clients such as Gulf Oil, U.S. Postal Service and Walt Disney Productions. Chautin finds that the organization of unwired networks, the proliferation of targeted radio networks, and the increased availability of nationally syndicated programs have made it easier for media buyers to make purchasing decisions.

On Arbitrends:

A monthly report might be carrying it a step beyond what is needed. The majority of markets are surveyed twice a year and that tends to become a problem because station formats can be volatile. You really just cannot take a book that's been in the house for six months and look at it because the data could be meaningless. Putting everyone in a book four times a year would be a big improvement. It would not be necessary in markets 150 to 200, but certainly in the top 100 or 125 markets.

On cost factors:

Seasonality is a factor. The medium has many seasonal advertisers coming in for summer — suntan lotions, outdoor products, tourist attractions, that sort of thing. Youth-oriented stations get sold out. In the market of Myrtle Beach, S.C., a resort, rates for the summer bear absolutely no relationship to winter rates because the population swells for three or four months out of the year. Like anything else, costs relate to supply and demand. The spring/summer, will, as far as I can tell, continue to be demand times for radio.

Unwired networks

A lot of radio that is bought out of Y&R/New York is bought on either a wired or unwired basis, particularly those accounts that are going into 60% or 70% of the country. It makes much more sense to do a wired or unwired buy than what I call "spot spot." It's far more appropriate. There are wired networks like *ABC Contemporary* that

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rates in the upcoming year. At McGavren Guild Radio, Peter Doyle, vice president and regional manager, believes that the high prices being paid for radio station licenses and properties could eventually have an impact on ad rates as owners look for ways to service their debts by adding to the bottom line.

"It's just beginning to trend," concurs Sam Michaelson, vice president and associate buying director for Dancer Fitzgerald Sample. Michaelson foresees that the effects of record-breaking sales of radio stations this past year will be felt gradually over the next few years by radio advertisers. Already, Michaelson has noticed that rates have risen dramatically on two stations in Houston and Los Angeles since the stations were purchased for record amounts of money by established station groups.

While radio's low cost continues to be one of its most saleable virtues, many radio sales executives are taking an aggressive stance, steering away from discussions solely of cost alone, heralding instead the medium's strategic strengths.

For example, at WGN in Chicago, Kelly Seaton, general sales manager, suggests that one way for radio to increase its value would be for the medium to promote itself as a reach medium, an advertising vehicle capable of communicating commercial messages to a mass audience. "Arbitron has now come up with a way to measure multi-week cumes and agencies are going to find that reach levels are higher than they have been accustomed to in radio," she predicts.

That may indeed be true of WGN, whose news and talk format is one of the most expensive radio buys in the nation. A 60-second spot on the popular Wally Phillips talk show commands a cool $1,500.

However, no matter what tactic radio uses to sell itself, advertising agencies are equally as tenacious in their efforts to keep costs down. "Unfortunately," complains Lynn Bryan-Simmons, national sales manager at WRKS-FM, New York, "I'm finding a lot of advertising agencies this year are coming in with very low costs per point and trying to deliver a buy based on that very low figure. Costs per point are either the same or lower than last year." Simmons speculates that ad-

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A conversation with Dick Draper

Rob Kinmouth

AT&T spent the most money in network radio of any major advertiser in 1984, according to Broadcast Advertisers Reports Inc. The communications giant spent $16.3 million in 1984, a significant increase from $9.5 million in 1983. As director of advertising and sales promotion for AT&T Information Systems, Dick Draper plays a key role in the placement of radio advertising for AT&T. For Draper, the medium allows the company to reach small businesses in markets of various sizes.

On advantages:

Radio is very personal and it is perceived as local, not national, which is important to our marketing strategy. We use radio exclusively for our small business campaign as our primary medium for reaching small business prospects. We have, among other things, an 800 number that we promote heavily on radio that connects you to the nearest AT&T office. We want to insure that people understand that we are a national company with a local presence. We use morning and evening drive time on seven different networks. Radio is also very good for household commodities like long-distance calls.

On shortcomings:

Radio is very good for some things, but in our estimation, not suitable for others. We don't use it to sell computers. We don't use it for our very complex computing and telecommunications products because radio is not a good medium for explaining a sophisticated system that costs a lot of money. In some cases, you can't avoid long copy.

On cost expectations:

I would anticipate a modest or moderate increase, not a stratospheric one. This is because radio is of growing importance for business-to-business advertisers — such as ourselves — and because there is a demand. If you can come up with well-executed creative, it can really make a difference as an advertising medium.

On radio's future:

My sense is that radio is very much alive and well and in fact is moving forward at an accelerating pace. Radio is always changing, which is good from an advertising perspective in that it has become a lot like print or a lot like cable tv. You can buy a network, or even individual stations, which delivers a specific audience rather than a general one. It is becoming a very targeted medium that an advertiser ought to be able to use to his advantage.

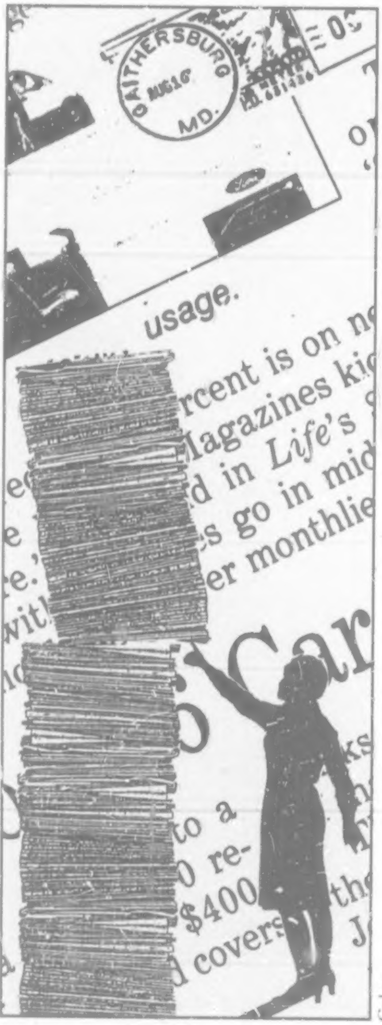
Agencies to magazines: Keep it close to 7%

With paper and postage under control, advertisers hope for rate hike relief.

The coming year could be a particularly tough one for magazines which ask for ad rate increases exceeding 7%. At least that's the view of many agency media directors who show evidence of digging in their heels on the magazine page price issue this year.

In their opinion, self-serving though it may be, magazines have little basis in asking for major increases in the 1986 year. These media directors further warn that if magazines do ask for substantial price hikes, they are unlikely to get them from advertisers. Clients, they say, are concerned about the general economic wobbliness and are looking to preserve their own under-pressure profits. Ad budgets, therefore, will be coming under greater scrutiny, with the prospect looming that advertisers will have to make hard choices when purchasing media, and one way to decide is to look at price differentials.

"There is little justification for any magazine to hike its rates beyond 5% to 7%," insists Leo Scullin, vice president and director of print and new electronic media at Young & Rubicam. The only exception to this range, allows Scullin, is "for those magazines that are in great demand." As Scullin sees it, "it will be a particularly critical year for magazines because the cost of paper as a rationale for increases has disappeared and postal costs have stabilized."



Colos

Michael Drexler, executive vice president, director of media and programing at Doyle Dane Bernbach, agrees with Scullin's analysis. "We're estimating a 7.5% increase in 1986, which is somewhat lower than the 8% to 9% increases prevailing over the last few years," he says.

In addition to these factors, intense price competition both within and outside the consumer magazine medium could also help bring cost relief to advertisers. It already has led to the much-debated practice of negotiating versus paying the rate card fee for magazine space.

Robert Coen, vice president, director of forecasting for McCann-Erickson, believes that if titles begin to really compete against one another, planned-for rate increases, set to go into effect in mid-1986 following the "signing, sealing and delivery" of rate changes at the start of the new year, could be stalled. The fickle nature of most advertisers also threatens magazines, notes Coen. Procter & Gamble and General Foods may be broadening their usage of magazines, but, he claims, they will shift dollars overnight to another book or medium if there is a price advantage.

The Campbell Soup Co. wants to be

Summary of Responses to MPA Financial Surveys 1982-1984

(Amounts expressed as a percentage of total magazine revenues)

	1982	1983	1984
Total number of magazines reporting	192	154	172
Revenue			
Net advertising revenues	50.19%	49.87%	51.91%
Gross subscription revenues	33.32	33.70	32.97
Gross single copy revenues	16.49	16.43	15.12
Total magazine revenues	100.00	100.00	100.00
Advertising expenses	8.80	9.15	9.47
Circulation expenses	24.74	25.07	24.83
Editorial costs	8.24	8.40	8.66
Manufacturing and distribution expenses	39.51	36.90	36.55
Other operational costs	3.37	3.27	3.31
Administrative costs	6.58	6.32	5.89
Total magazine costs	91.24	89.11	88.71
Operating profit (before taxes)	8.76	10.89	11.29

Data: MPA/Price Waterhouse Financial Survey

counted in this hard-nosed crowd. "Frankly, magazines are asking for another 8% rise because that's what they believe they can get," says George Mahrlig, director of media services. But if media inflation continues unabated, Mahrlig warns that advertisers could opt for a different media mix. "Our competitive situation demands that we use television, so magazines could be cut entirely," he shrugs.

Top 10 Magazine Advertisers-1984

(thousands)

R.J. Reynolds	$193,815.5
Philip Morris	140,070.2
Ford Motor	97,101.2
General Motors	96,064.4
AT&T	79,102.0
IBM	63,098.3
Chrysler	61,596.4
Media Networks	55,652.3
P&G	49,734.6
Lowes	49,254.6

Source: Magazine Publishers Assn.

Over at Chesebrough/Pond's, a more temperate view reigns. Joe Campion, the director of media services, points out that media inflation has made television unaffordable for many smaller brands. While he notes that "we are never going to be fed up with television because it is the most dynamic medium," he nevertheless has begun to rule out tv for some of the company's smaller-budgeted brands. "The need for steady promotions and advertising for even small-budgeted brands bodes well for magazines," says Campion. "Magazines' lower unit cost, particularly in selective magazines, means you can plan a campaign to run six to nine times a year to give continuity against the target audience," he notes.

A lot of advertisers seem to agree that magazines can help further the marketing cause. Last year, when the Olympics and the presidential election drove total advertising expenditures skyward by 15.8%, magazines managed to pull in an even better year. Magazine advertising revenues were up by 16.5%, pinpoints Coen, their highest level since 1978. Ad pages meanwhile, climbed 8.5%. These expenditures were spread among some 11,000 publications, according to the Ayer Directory. Ten years ago there were 9,657 titles to choose from.

An even healthier sign is that profit margins are improving. The average pretax operating profit as a percentage of revenue for 172 magazines participating in the MPA/Price Waterhouse Financial Survey was 11.29% in 1984 compared with 10.89% in 1983 and 8.76% the year before.

While these numbers would seem to indicate prosperity, closer inspection reveals some troubling edges. For example, some advertisers worry that there is too much duplication and segmentation in consumer print categories. Advertisers already straining to stretch dollars are often being forced to make hard choices between magazines in a category. This situation is often exacerbated during weaker business times. This may explain why certain pockets of magazines are experiencing particular difficulty in maintaining ad pages and revenues. Witness the tumult in highly competitive magazine categories. For example, several publications in the science grouping are listing badly. *Scientific American* was off 35% for the first nine months of 1985, while *Science Digest* had dipped 20% in pages, according to *Media Industry Newsletter*.

Top 10 Sunday Magazine Advertisers-1984

(thousands)

R.J. Reynolds	38,076.3
Newhouse Group	24,038.1
Philip Morris	13,988.4
Bat Industries	13,102.8
CBS	12,310.4
Warner Comm.	5,854.0
Haband Co.	5,422.1
American Can	5,375.2
Nutrition Hdqts	5,135.7
Grand Met	4,478.0

Source: Magazine Publishers Assn.

The sluggish economy is making advertisers even more discriminating in their media choices. Magazine revenues were up 8.5% for the first six months of 1985, but more ominously, ad pages were down 1.4%.

While Coen has projected that network television will suffer the most (with only a 3% gain in 1985) during this current slowdown, magazines, too, may be in for a rougher time this year and next. "Magazines had an excellent year in 1984, but part of the reason they're not looking quite so good in comparison is a softening in industries that are typically strong magazine advertisers," explains Coen. For instance, cigarette and liquor marketers have reduced their magazine commitments, reflecting cutbacks in their own industries.

This situation, coupled with a halt of advertising monies from formerly hot categories such as computers and

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A conversation with Ken Caffrey

Ken Caffrey is the senior vice president, executive director of media operations, at Ogilvy & Mather.

Michael Mella

On the cost forecast:

We are expecting 7% increases but we don't necessarily feel this is fair. Acceptable is a better word. The question is, are there not economies which can be taken in the actual production of the advertising that would arrest these continual cost increases?

On long-term impact of upward spiraling costs: If an advertiser is using eight magazines, maybe they will only use seven. The danger for magazines is that retrenchment can occur within categories so that the third and fourth in that category suddenly finds they are missing out on a number of pieces of business that they were carrying on an historic basis.

On the advertising economy:

There's not an awful lot of new money coming into the marketplace. So when you look at cost increases of 5%, 6%, 7%, those seem to be relatively moderate cost increases. Yet, when they impact on relatively flat budgets, the effect is reducing the power of the budget. The concern has to be the cumulative effect of these consistent increases. Advertisers are not raising their individual brand budgets sufficiently to even cover the majority of the rate increases. So, what really starts to hurt are the out-of-pocket costs, the unit costs.

On how tv demand affects magazine rates:

It's untrue that because tv inventory is sold out, advertisers automatically flock to magazines. Even in a presidential election year when you have the Olympics too, you just don't lose that much inventory. Only about 4.5% or 5% is lost.

On magazines' lackluster year in 1985:

We have had a relatively orderly and friendly upfront television market with no panic on inventory. The rate increases in television were planned for so there was not a call to bring in another media to achieve objectives.

But what may be happening is that there are too many magazines within categories. And with the need to make the dollars work harder, they are only buying titles that are crucial.

On paper and postal costs:

Those are convenient excuses for publishers. I mean for years you heard about the terrible, terrible penalty that the U.S. Post Office was going to put on publishers via increased the postal rates. Yet if you look at the cost sheet of most major publications, the cost of mailing was under 10% of the total costs of the magazine. So even a 20% increase on 10% of the cost base, is only a 2% increase.

On readers' growing share of costs:

Up until the early to mid-70's, advertisers were asked to carry a totally disproportionate burden of the magazine. Readers were getting a tremendous bargain to build circulation to compete with tv. The question is, if all things in the market were fluid, whether you could reduce the cost to the advertisers and the readers both. You could have a real rather than artificial circulation base by giving the reader an even greater price/value relationship and still allowing the page cost to come down based upon a more meaningful circulation level. That would allow the advertiser to pay less per unit and therefore buy more units.

On high CPM's vs. high out-of-pocket costs:

I am more concerned with a higher out-of-pocket cost. High CPM's for selective audiences is something we have become quite accustomed to and are willing to pay when we believe there is value. But, high out-of-pocket costs preclude in many cases our ability to build in-depth or continuous schedules. But it's hard to have both high CPM's and low unit costs.

Negotiation's effect on rates:

It is futile to establish high rates and then negotiate down from them. We should pick a realistic price and use it as an absolute. I do not believe that it's necessarily true that the concept of negotiated rates will lead to lower rates long-term.

utilities, have begun to hurt publishers' bottom lines. Even more worrisome is that, so far, there has been a dearth of major new advertisers to take up the revenue slack.

Magazines have not had a good track record in keeping costs under the inflation rate. Publishing costs have soared 117% since 1977, according to the Magazine Publishers Association. The CPM for a four-color page in an average of 50 leading magazines has risen by 23% over the last four years while the Consumer Price Index has risen 20% over the same period.

Postal costs for most consumer magazines, which are mailed second class, were increased last spring by 15%. The Magazine Publishers Association believes that another hike will not occur until sometime in 1987, or optimistically, 1988. The association predicts that rates could rise another 14% at that

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A conversation with Dan Pearson

Dan Pearson is media director at R.J. Reynolds.

On magazine cost expectations:
We're looking at absolute cost increases in the area of from 7.5% to 10%. The effect of those increases won't be so great because they will occur at different times of the year.

Reaction:
This year, almost for the first time, I feel that things may be getting out of hand.

The rates aren't as fair or justified as they have been in the past year. I understand the publishing business is faced with uncontrollable costs like paper and postage. But, in the context of lowered inflation, at the very least they could have made a bigger effort to demonstrate that they had tried to cut costs everywhere to keep overall cost increases to the bare bones. I have not sensed an attitude on their part in trying to sell us in that regard. It sort of represents an attitude of 'I gotcha' — like another year, another 8%.

If you wanted to look at their side of the fence, broadcast prices by comparison are continuing to go through the roof. That is where the real game is being played.

On the net effect on advertisers' budgets:
Since their prices are going up faster than our budgets, what happens is you run out of money before you add that last insertion in the titles you are in.

On the economy's impact:
I think this year, there's a general conservatism in the consumer advertising business because of uncertainty over how the economy is going to respond. If you count last year as the start of the comeback and 1985 as the second year of the recovery, usually the economic signs would be more positive.

On negotiated rates:
Below-the-table deals really upset me, especially since they're in the context of a lower inflation rate and rising ad prices. If they can afford to do that, there's something haywire. Strict off-the-rate card deals are happening in the more competitive magazines. But there are also above-the-table deals, which are occurring across the board. This is where you are offered multi-year discounts or group title discounts. Obviously they can afford that. I would rather see lower rates on the rate card than all these bags of tricks. They are sowing some very serious seeds of destruction.

On media alternatives:
We can kick and scream and tear out our hair. But there is not a hell of a lot that can be done. It comes down to who needs who the most. Moving out of traditional media vehicles into things like point-of-purchase is one of the real alternatives we would have to the extent that we can find ways to motivate consumer behavior. But we are not doing it as a retaliatory measure. However, the fact that we are not happy with magazine cost hikes may make it easier to justify moving out of magazines.

If we were sitting here in the perfect world, and we felt the rate increases were too high, we would shift a lot of money into television. We wouldn't shift more into outdoor, not at the levels we're already spending. Not into newspapers either, because newspapers have a major cost disadvantage in comparison to magazines.

On increased targeted marketing as an option to reduce costs:
We are already tightly targeted demographically. But we are putting an increasing amount of emphasis on geographic targeting, so in that sense our showing of favor to local media could be detrimental to national magazines.

On recommendations for publishers:
Put a little more emphasis on justifying the increases they have. Also, to demonstrate that they've done something internally to manage costs. They are doing a better job as a medium of profitably managing their circulation and not just buying circulation to get their rates bases up. There isn't the stigma to lowering rate bases the way there once was. Both sides of the fence recognize that if they don't manage it profitably they could face *Life*'s former predicament.

MEDIA COSTS

BUSINESS PRESS

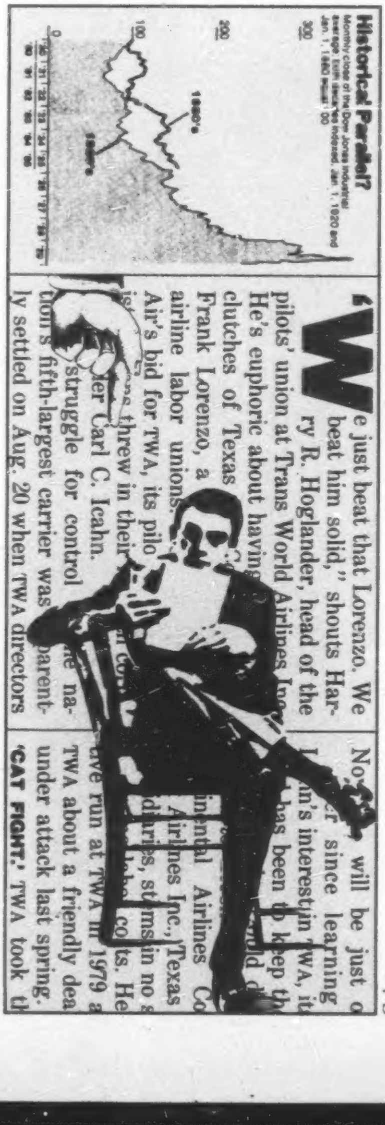
"One more time" for the business press

Publishers say costs won't drop with inflation; planners don't buy the reasons.

"It's been going on now for seven or eight years," moans Edmund G. Norwick, Jr., a vice president at Griswold, Inc. and chairman of the American Association of Advertising Agencies' Business-to-Business Committee. "It's just automatic. Every year, good or bad, they wave the four P's — personnel, postage, paper and printing — at us, and we have to either use their books or drop their books. Some of our clients bitch like hell, but there's nothing they or we can do about it. We're trapped."

If they had them this year, it looks like media planners will have headaches and angry clients next year, too. Advertising agencies and publishers alike look for rates to jump between 6% and 9% in 1986, about as much as they did this year. That's lower than the annual double-digit hikes of a few years ago, but higher than the rise of most client budgets and the rate of inflation. While publishers point to higher internal costs, disgruntled media planners are trimming their schedules, hoping for advertising packages and turning to direct mail.

Their rates are rising at a different level, but publishers rest their cases on the age-old stump: operations costs which don't track the inflation rate, one indicator on which angry planners base rate gripes. "When you figure the Consumer Price Index (CPI)," reasons Paul McPherson, executive vice president of McGraw-Hill Publications, "you weigh in a whole basket of commodities and services such as housing and food. Our rates of inflation very often go up faster than the CPI. When customers hear the CPI is going up 6%, they assume our rate should go up about 6% as well, inasmuch as those are our cost pushes. Sometimes it's much higher than that."



Historical Parallel?
1920's
1980's
'We just beat that Lorenzo. We beat him solid,' shouts Harry R. Hoglander, head of the pilots' union at Trans World Airlines
'CAT FIGHT.'

Colos

For one thing, says McPherson, publishers don't own the depreciable heavy equipment that keeps costs on line. People, "the asset of the publishing business," get more expensive every year. The cost of finding, signing, motivating and compensating editorial and sales talent alone rises faster than the inflation rate. McPherson sees health-care benefits, for example, rising at the "astronomical" rate of almost 20%, while Richard J. Moeller, president of Harcourt Brace Jovanovich Publications, predicts salary costs will rise another 5% this year.

Production improvements that allow for later closings and more control over editorial pages, say publishers, can't cut costs immediately. Costs on new in-house typesetting systems are exorbitant. The Atex text-editing system at McGraw-Hill is saving on production; but first the company had to work off its $7.5 million bill. Besides, Association of Business Publishers Inc. general manager Bill O'Donnell points out, computerization just stabilizes the people who have to feed the machines — people who want constant raises. With advertising accounting for more than 70% of most business magazine revenues, hints McGraw-Hill's McPherson, there's no question who has to fill the deficit.

Once again, publishers are putting part of the blame on paper and postage. Moeller of HBJ, for one, claims paper costs will shoot up 10% next year and warns that a postal increase is on the way. Another publisher who fears a postal increase argues that "we have to anticipate those increases and work them into our pricing for next year."

With power, labor and wood costs escalating, Ted L. Robinson, vice president and business manager for the publication paper and newsprint division of Champion International, thinks paper prices will be slightly higher in 1986. A spokesman for the Boise Cascade Paper Group affirms that conservative reading, explaining that printers are shortening work weeks because publishers who stockpiled coated paper last year aren't sending orders. Still, new players in the paper game will test the supply: One estimate, from the Magazine Publishers Association's "Paper Outlook," predicts consumption will rise close to 7%. Paper makers estimate that catalog-printers and other non-magazine users, whose number-5 grade stock has effectively doubled since 1985, are dipping into the supply at a rate of 10% to 15% a year.

According to a higher-up at the International Paper Company, the foreign suppliers, who increased their exports of coated magazine stock by almost one-third this year, have now claimed almost 9% of the magazine market and underpriced many of their U.S. competitors. So while publishers are using more paper than U.S. mills can produce, they aren't paying the premium prices they were two years ago.

Publishers may be holding their breath on a postal increase, but David Minton, Washington counsel to the MPA, will be surprised if rates rise before 1987 for magazines. If anything, he says, publishers should be better off six months from now, since the inflation drop promises more mail — which means lower costs — and ongoing MPA negotiations may bring greater postal discounts for publishers who sort their shipments themselves.

A conversation with Fred Poppe

Fred Poppe is chairman and chief executive officer of Poppe-Tyson.

On corporate ad spending in general business publications:

I think that's got to take away from trade advertising. Clients who have been heavy product-oriented companies and all of a sudden, to sell stock or keep on the acquisition trail or boast about their multinational capabilities, decide to come up with a corporate campaign, may increase their budget to do that, but they must take some away from the trade books.

On production costs:

You know, the terrible thing I see is that trade magazine production is going way downhill. They're charging higher rates because they aren't selling as many pages, and they're cutting costs by buying cheaper printing; they're going to less expensive, less heavy stock. They're going to schlock printers, and I mean schlock. I've never complained as much as I have in the last two years to publishers about poor graphic reproduction. It's unacceptable.

On trade magazine package buys:

It's going to make everybody more competitive. You go to the publisher that only publishes two books, and he's in competition with somebody that has 43 titles, he's going to have to come up with the CPM's equal to his competitor's. That's going to hurt. To get around that, because he isn't a multipublisher, he may have to say, 'I'll give more merchandising aids, more free studies, I'll sell remnants,' or he may be forced to cut rates.

On pre-printed inserts:

They get better readership, more bang. They don't have to be that expensive. Very often you can let one publication preprint all of the inserts that are going to be run in other magazines in the field plus an overrun for a mailing list. We save a tremendous amount that way — as much as 60%.

The direct-mail alternative:

Direct mail, direct response are magical words. Once it was fashionable to buy a public relations firm, and then agencies started buying direct response organizations. The word gets around. Now . . . clients say, 'We want direct response.' We say, 'It's going to cost you $40,000, $50,000 just to get your lists in order.' Well, they say, "we'll cut out these magazines." That's where that money comes from.

On the upper limit of rate hikes:

Advertising budgets have gotten so high that many of our client CEO's are sitting in on budget meetings, and they're just not going to take it. Absolutely not. A CEO on an account I've handled for years says 'No more, I'll cut it out.' Or he'll say, 'Okay, they're going to do that to me. I'll go black and white, no more four-color.

Revenues/Share Change By Publication Field

Field	f*	1984 Revenue (000)	Share	1974 Revenue (000)	Share	f*
Electronics/ high-tech/EDP	28	$352,385.9	37.2%	$49,790.8	18.2%	14
Retail/ prof. services	20	191,224.6	20.2	42,641	15.6	18
Industrial markets	21	151,304.8	16.0	91,629.2	22.6	37
Pharmaceutical/ medical services	16	132,471.2	14	38,477.8	14.1	9
Industrial services/ construction	15	118,641.6	12.5	50,515.6	18.5	22
Total	100	$946,028.1	100%	$273,054.4	100%	100

*Number of publications in the field.

Source: J. Walter Thompson Media for Business Markets

Aggregate rate projections can't track the health of trade sectors that operate worlds apart. Though months behind, industry publications waver with their markets, and the changing economy opens some ad coffers and slams others. Of the 100 leading specialized business publications in 1974, only 46 are still on the list. Ten magazines fell off that prized ladder last year alone.

There's no question that markets are ailing, and their magazines are suffering as a result. The mining industry, caught in a vicious spiral that's sending corporate profits down the tube by some 91% this year, looks to Gordon Publications Inc. corporate research director Perry Patterson like it'll continue to place 10% fewer ad pages in mining publications next year. For oil and petroleum magazines, their industries drowning in merger and takeover debts and reeling from international price declines, 1986 promises another 8% fewer ad pages after a 9.5% drop this year.

According to J. Walter Thompson's Media for Business Markets studies, the smokestacks are wheezing and construction is losing its foothold. Heavy industry magazines claimed one-third of the business press market 10 years ago; now the service economy has them fighting to maintain a 15.3% share. Construction magazines have watched hardhats pack up their tools and meanwhile slid down from an 18.5% to a 12.5% share.

Overall, though, the business press gets a clean bill of health from the ABP's Bill O'Donnell. He estimates the year's end will see pages up 25,000 and revenues up $300 million. Not all markets sputtered, notes Gordon's Perry Patterson. Engineering and construction magazines started to crawl out of the hole with a 9% gain in pages this year, while telecommunications magazines may add a 10% page increase in 1986 onto their 6% page jump this year. Since 1974, reports Bert Peller, J. Walter Thompson vice president in charge of Media for Business Markets, ad pages for the business press have risen almost 44%, while revenues have leaped almost 347%.

"The page and revenue counts say it all," says HBJ's Richard Moeller. "The business press has more credibility in the eyes of advertising agencies than it did 10 years ago. It's being looked to more today than it was."

But with revenues dwarfing page growth, media planners wonder if they aren't simply doling out relief money. Since business magazine circulations are largely too controlled for significant broadening or for competitive boasts

"Young man, do you realize the street value of a 2-month old issue of SRDS?"

that rival their consumer counterparts, many planners, says one media observer, "can't judge whether they're getting value for value."

Over the last 15 years, admits John Sias, president/publishing division at Capital Cities Communications, parent of business publisher Fairchild Publications, "it's been relatively easy to raise rates to recover not only costs, but the extra revenues that turn into profits." Soaring inflation and interest rates no industry could escape made the substantial increases — as much as 10% year after year — easier for clients to understand.

Now that inflation and interest rates are on the decline (commercial paper lending rates down 4%, the inflation rate down 0.5%, from 1984), Campbell-Ewald senior vice president/associate media director Edwin Acker expects increases of only 6% or 7%. "Rates should really be hanging in there close to what inflation is running," Acker says. "The only thing people are going to have to fess up for is postage and paper."

Business press buyers and sellers pretty much agree on the aggregate cost increase, but they differ widely, in some cases bitterly, on the causes and consequences. Between moans, Griswold's Edmund Norwick says he's asking most clients for an 8% contingency to cover increases. Ketchum Communications senior vice president/media services Herbert D. Gordon delivers the same line a bit more philosophically, pointing to rate stabilization and publishers' cost pressures. Gene Thompson, vice president/media at Meldrum & Fewsmith, Inc., is prepared for costs to step up an average of 7% to 8%.

Not even the calm ones, though, say it with a smile. Publishers have stabilized their rates of increase at nearly double the current rate of inflation, and well over the average annual increase in client budgets. Says Griswold's Edmund Norwick, "With some clients not raising their budgets at all, we'd be surprised and thrilled to get a 5% budget increase. We can't keep up with the publication rates, no way."

General Interest Business Gains: Advertising Revenues by Publication

Publication	1984 (000)	1983 (000)	1980 (000)
The Wall St. Journal	$605,000	$491,500	$230,000
Business Week	184,782	156,499	129,950
Fortune	111,497	97,121	55,559
Forbes	110,000	84,502	44,892
INC	34,990	25,321	9,100
Dun's Business Month	10,781	9,691	8,365

Source: J. Walter Thompson Media for Business Markets

Since clients tend to tighten budgets in tough times, the current profit picture promises some squeezing. Corporate profits are down an aggregate 10%, and some of the hardest-hit industries — metals, steel and fuels — are the arenas of the biggest players in business-to-business advertising. The more guarded economists estimate that the year's end will see corporate profit margins down 5%.

Many agency media moguls think publishers have a lot more than paper and postage to "fess up for." To them, the rate-rise formula isn't scientific; publishers simply shoot for the highest rate increases they can get away with.

This coupon entitles you to thousands of free consumers in Syracuse

Why? Because your ads reach so much extra spending power in Syracuse that it's like getting thousands of extra consumers free. For example, Syracusans spend twice the average amount per household on scotch,* 28% more than average on food.** And their median household income is $3,164 above average.** Let us show you why The Syracuse Newspapers are the best way to reach this profitable market. Send this coupon today.

*1983 Liquor Marketing Handbook
**1984 S & MM Survey of Buying Power

Syracuse. More than you bargain for.

Mail to Promotion Dept., Syracuse Newspapers, Syracuse, NY 13221 or call 315-470-2089.

Name

Address

City

State Zip

MMD 9/84

The Syracuse Newspapers

Herald-Journal
Herald American
The Post-Standard

Represented Nationally by Newhouse Newspapers

CONSUMERS
FREE

A rise in actual publishing costs, the argument goes, is just an easy rationale that broader economic indicators don't support. At least one among the publishing fraternity agrees. "Cost-based justification is just a rationale," asserts Capital Cities' Sias. "Rates are market-driven, and references to costs aren't of concern to the market. The market's only concern is how effective are you in helping me communicate with my perceived audience. What your costs are is your problem. And establishing that higher base rate is one thing; selling it is something else."

Indeed. An average 8% increase "is hard to swallow" for Needham Harper Worldwide vice president/media director Bernie Newman, who sees some stormy meetings with publishers ahead. "When the inflation rate is far below that and the cost of commodities is down, that makes us especially aggressive in our meetings with magazines. There'd better be something unique going on in those marketplaces to justify the 8% and more increases they've been getting for the past number of years. 'Is it because you've lost business, and you've gotten away with it before?' That's the kind of meetings we'll have."

As far as Ketchum's Herb Gordon can see, schedules will suffer where client budgets fall short of new page rates. Gordon speaks for many planners when he says, "We'd much rather maintain a strong schedule in certain publications than a weak schedule across the board." Rate climbs through the recession have all but ended the days of 12-time advertisers, thinks Griswold's Norwick. "With our clients," he attests, "we often ran 18-, 24-time schedules. Now we're

A conversation with Russell Berg

As director of marketing communications for Hewlett-Packard Co. for 20 years, Russell Berg has overseen the multinational company's computer and instrumentation promotion through various media.

Making budgets:

Whether it's trade or non-trade, the only reason you use media is to gain a competitive advantage in the marketplace. I think that people who look at cost per thousand as one of their principal criteria are insane. They overlook all the fundamentals on which competitive advantage resides. What you look at to get competitive advantage is the source effect of the medium you're being asked to buy. How is it perceived? What value does it have? How do these people who receive the publication view it?

I don't look at bingo cards or response, but at the source effect: signs of the reader's time, respect and trust. Those are the values that, to me, transcend cost per thousand and all the other nonsense which tends to dominate the media business.

You've got to read a lot of trade magazines to do that. And I have a feeling that most of the people who run media departments in ad agencies don't read any magazines. It shows up in their preoccupation with numbers. There is too much quantitative evaluation being done.

Ed Kashi

On reading the research:

I think there's more reliance based on spurious numbers that look good, and people buy on these numbers because they don't know how to read a circulation statement. The average guy couldn't even tell you what a renewal percentage or the turnover of an audience means.

They buy impressions; they buy 'reach frequency.' To my way of thinking, reach frequency is a crap shoot. It represents nothing more than an extrapolation of the way television has been bought because television didn't have anything better in the way of an audit.

On general-interest vs. trade:

I think a lot of people buy trade magazines largely because they can relate to them one on one. A lot of people don't understand that people are human, readers are human, even if they're engineers. They'll read broadly because they read beyond the narrow scope of their own specialty. In a world that's being dominated more and more by specialization, it becomes almost incumbent on a person to read more broadly than his specialty, otherwise he's in danger of turning out to be obsolete.

There will be a useful market, certainly, for some of the highly specialized publications. If one wanted to look for a competitive advantage, it would be to reach some of these specialists in a broader environment, where they're going to be reading not only for their specialty but also to broaden their horizons.

On direct mail:

I think direct mail has become overpowering and overbearing and overdone. It's a glut. Direct mail that does not carry a well known brand, I, for one, do not even look at.

If Hewlett-Packard does a direct mail piece to some of its customers, the name Hewlett-Packard has some significance, so there's a very good chance people will open it and read it. If, on the other hand, a piece of unsolicited direct mail comes with the name of XYZ company on it that someone hasn't heard before, it's unlikely he'll open it.

down to 10-time schedules and 5-time, even 4-time schedules. That's never happened before. Six-time schedules used to be our absolute minimum."

Although some planners look for business magazines to broaden their editorial sights, Reese Musgrave, vice president of sales at Lebhar-Friedman, contends they'll stay "targeted toward a chosen audience, highly selective," McGraw-Hill's McPherson concurs. "We are the original demographic business," he claims. "We are finely honed, finely tuned. That is our beauty."

But "there's less confidence among clients now," says Thompson of Meldrum & Fewsmith. "Of the clients we have, there's less enthusiasm for trade campaigns, more enthusiasm for consumer campaigns. It's a recognition of the need to be more horizontal in our message." Oddly enough, he notes, business magazine salespeople "seem to be calling on less people up and down the line."

Business Magazines Sources of Revenue

	Advertising	Subscriptions
1970	71.1%	28.9%
1977	71.6	28.4
1978	72.6	27.4
1979	71.1	28.9
1980	69.0	31.0
1981	70.0	30.0
1982	70.2	29.8
1983	67.7	32.3
1984	70.0	30.0
1985*	71.5	28.5

Source: James B. Kobak *estimate

Meanwhile, action *is* heating up on the corporate campaign front. Robert Hogan, editorial director of Folio's *Ad Guide*, reports that purely image advertising — campaigns that can't be classified by product category — grew 98% in 1984. Planners have been trying to move trade-concentrated clients into broader and more visible campaigns in general interest business magazines for years. Higher trade costs, explains Campbell-Ewald's Acker, open clients' ears — particularly if what they need is umbrella exposure. Once costs push them to consumer media, says one industry researcher, their egos will keep them there: "Presidents can't resist having their neighbors recognize their status through ads in *Time* and on football game telecasts."

For Donna Campanella, vice president and media director at Cato Johnson/Y&R, the new avenue is regional and demographic editions of general interest business magazines as a way of discounting their high costs.

To compete, Sias guesses business publishers, too, will favor discounting aimed at multi-page insertions over base rate cuts, figuring a discount seems cheaper and produces greater frequency without jeopardizing business at the existing rates. "There's a greater cost-consciousness among publishers," Sias notes. "There's a definite awareness that the amount of marketplace competition and the condition of some industries mandates that magazines be more innovative in how they price."

Continued on page 95

The market and the media to make travel advertising take off.

People are taking off all over Pinellas County, home of the St. Petersburg Times and Evening Independent. Last year 79 percent of all adults here took a business or pleasure trip. This year, for the first quarter, travel was up 6 percent at Tampa International Airport.

St. Petersburg is also home to a new cruise port facility and with good reason. Six percent of vacationers here took a cruise in the past 12 months. That's twice the national average. Your travel advertising in the Times and Independent gives you the bonus of 2.9-million visitors to the county each year... you get travelers coming and going.

So today, call your St. Petersburg Times and Evening Independent representative today...and watch your travel advertising take off.

St. Petersburg Times
evening Independent

P.O. Box 1121
St. Petersburg, FL 33731
General Advertising (813) 893-8249

Represented nationally by Story & Kelly-Smith, Inc.

St. Petersburg Times
Official says Soviets
Waterfront parki
evening Independent

Newspapers have a surprise for agencies

The publishers' increase estimates fall short of what the agencies are expecting.

Advertising agencies making up next year's newspaper schedules are trying to make sure they run into no surprises when they see 1986 newspaper rate cards.

These agencies are keeping one eye on the double-digit rate increases that marked the first half of this decade (see chart), and they are asking clients to add rate-rise contingencies of 8% to 9% for their 1986 newspaper space.

But newspaper publishers are going to surprise them by keeping their eyes on the expected 4% inflation rate. From that base, publishers will calculate their 1986 rates, adding increases for cost and circulation rises.

Further, newsprint, the villain of previous rate cards, is now in the same boat as oil — there's a surplus. International Paper closed one newsprint mill recently. Six times in recent months the mills have tried to increase their price tags to $570 a metric ton, and six times they've had to abort the rise. A September increase is expected; at press time the rate was still $535.

One big reason for the newsprint surplus is that so much newspaper advertising has shifted into inserts, using magazine stock supplied by the advertiser. Pressures on magazine stock have brought price hikes, and the coupon insert syndicators are actually calling for rate decreases.

EPTEMBER OPENINGS
CIENCE (J.H.S.)
MATH (H.S.)
School District
$9
NEW STORE
Choose Twin, Full, Queen or King
Choose Luxury Firm, Extra Firm, Sup
includes free fast delivery and s
There are no hidden charg
e Sealy just $99 at

Colos

On the agency front

Decisions asked a sampling of agency newspaper buyers to give us a picture of the contingency plans they are proposing to clients for the coming year. Their responses:

Thurman Pierce, J. Walter Thompson: "8%."

Jack Cohen, Doyle Dane Bernbach: "9%."

Richard Gallagher, McCann-Erickson: "We're following our own Bob Coen — 6%."

John Meskil, Warwick Advertising: "8%."

One agency man who asked to be unnamed was asking 10%. And one big agency is asking for no contingencies. "That would just inspire the newspapers to raise rates."

What the newspapers are planning

Maurice Buchart, vice president, general manager, *Louisville Courier Journal and Times:* "We won't settle on a firm figure until September 1, but we're trying to hold the increase to 6%."

Sheldon Lyons, vice president, marketing, Westchester Rockland Newspapers: "With inflation at 4%, we're looking at a 5% to 7% increase to recognize our 5% daily and 8% Sunday circulation gains."

Top 10 National Newspaper Advertisers—1984
(thousands)

	1984	1983	% change
General Motors	$109,359	$88,579	+23.5%
R.J. Reynolds	101,990	112,343	−9.2
Philip Morris	69,023	65,272	+5.7
Ford Motor	62,063	49,603	+25.1
American Tel. & Tel.	58,200	71,995	−19.2
RCA	36,962	31,716	+16.5
IBM	36,036	11,720	+207.5
Chrysler	34,962	31,846	+9.8
Delta Air Lines	26,331	31,810	−17.2
Batus	25,317	27,803	−8.9

Source: Media Records

Ferguson Rood, advertising sales director, *Atlanta Journal and Constitution:* "National in January will probably reflect a combination of the inflation rate and our circulation rise of 8,000 daily, 28,000 Sunday. We're pricing stand-alone rop sections to be competitive with inserts."

Roger Clapp, advertising director, *Richmond (Va.) News Leader and Times Dispatch:* "We're going to try to keep up with the 4% inflation rate. A 5% to 6% increase would be more realistic. Our preprint rates will stay pretty flat. We're keeping an eye on direct-mail competition."

Jerome Tilis, president, *Detroit Free Press:* "Detroit is no ordinary market. In our battleground between two newspapers for share of market, the elements of pricing are often ignored, he concedes. "Rates need to move up, but we'll keep our national rise to under 10%."

Consensus of the reps

Decisions asked the national reps attending the Milwaukee meeting of the International Newspaper Advertising and Marketing Executives (INAME) to bring back an informal estimate of their newspapers' 1986 rate intentions. (A formal estimate would have created an FTC problem.) Here are some replies:

William O'Flaherty, executive vice president, Knight Ridder Newspaper Sales: "Six percent would be a good figure for rop rates. On inserts, we're trying to keep the rates unchanged, or, at most, up 5%."

Joseph Lafferty, chairman, CEO, Branham Newspaper Sales: "In rop space, we're estimating a 7.5% increase. Just 4% for one-time, single-sheet solo inserts; 2% on the CPM's of our largest inserts."

States Tompkins, president, Cresmer Woodward O'Mara & Ormsby (CWO&O): "I'm hearing increases between 6% and 8% ."

William Shannon, senior vice president, retail marketing, Gannett Media Sales: "Increases won't be as high as they were last year. Most Gannett papers are thinking in the 6% area."

Richard Matula, vice president, sales director, Newhouse Newspapers: "Rop will be up 5% to 7%. Inserts will remain stable."

Spokesman for Times Mirror Na-

A conversation with Fran Canary

Fran Canary is associate media manager, Brown & Williamson.

On Newsplan:

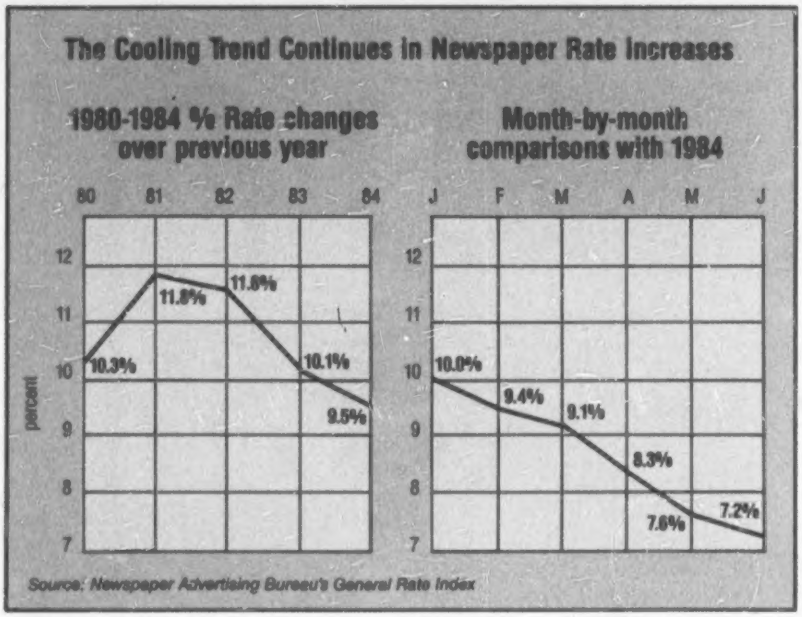
As a consistent user of newspapers, we are glad to see newspapers now offering volume discounts to national advertisers. Naturally, we are taking advantage of them. However, even with discounts, our rates are far above what the retailer pays according to the latest American Association of Advertising Agencies' report. Newspapers still have a lot of work to do here.

On rop color:

We consider newspapers essentially a black and white medium. However, we have considered rop color, and now that the Gannett Color Network is packaging the quality color newspapers, our agency has been evaluating this offering. We might use color, but it must be able to match our marketing pattern and objectives.

On Standard Advertising Units:

SAU's have sped up our production work and cut down on production costs. They have made it possible for our planners to order one size advertisements for all newspapers. Most important, SAU's are helpful in determining space rates and making it possible to compare costs from one newspaper to another.



The Cooling Trend Continues in Newspaper Rate Increases

Source: Newspaper Advertising Bureau's General Rate Index

tional Marketing: "If I had to give one increase figure for all of our newspapers, I'd say 8%."

Roy Blackfield, president, Sawyer Ferguson Walker: "Everything will be below double-digit increases. But our papers range from some with strong circulation gains to the *Newport News-Hampton Press* which will cap its national rate as a first move towards narrowing the national/retail differential. If you want one number, say 8%."

Jerry West, president, Story & Kelly-Smith: "As in the last two years, our papers' rates will keep in line with the rate of inflation and their circulation increases."

Kingsley Anthony, president, Million Market Newspapers: "Rop will be up about 8%, except for certain papers with substantial circulation gains which will rise 9% to 9.5%. As for preprints, the feeling is for moderation — say 6%."

Robert Keim, vice president, regional manager, Landon Associates: "The very few of our papers which are already looking at 1986 rates fall into 8% to 10% for rop, and a small, if any, increase for preprints."

Robert Hanson, president, U. S. Suburban Press Inc. (USSPI): "Increases look to be in the 4% to 5% range."

The easy-to-spot trend that surfaces in these reports is the smaller, guarded increases in preprints versus rop.

A conversation with Richard Gallagher

Rick Gallagher is vice president and associate planning director with McCann-Erickson Worldwide. He also serves as this year's chairman of the American Association of Advertising Agencies' Newspaper Committee.

On Newsplan:
More [advertisers] would use Newsplan if publishers had the flexibility to recognize how national advertisers use newspapers. Advertisers don't write complete schedules up front. As marketing occasions arise, they work up to a Newsplan discount rate little by little.

Color in newspapers:
I think there's some trial that's going on here. Not all papers offer four-color reproduction, and of those that do, not all of them offer good reproduction. Some of our clients are definitely interested in that and are experimenting with it.

Color's effect on newspaper investments:
There are things that are going on that are leading to regional marketing strategies and, if that's the case, then the opportunity for national advertisers to use four color in newspapers may be an opportunity for newspapers to attract more national dollars . . . There is a possibility that, if newspapers really get their four-color act together, they could take money from other [media] areas.

The rate differential:
Speaking for McCann, I think that the issue has to do with the absolute cost of buying newspapers. That cost doesn't really have much to do with what we are charged vs. local guys. We have to look at newspapers vs. other alternatives on the basis of their absolute costs.

Increase projections:
Bob Coen [McCann's senior vice president and director of forecasting] is really looking for a lower rate of increase, perhaps in the area of 6%. What we should say as an agency is that, based on the economy and what we see happening with our advertising budgets, we don't see why newspapers should be raising rates at all.

Your Strongest Selling Arm

in Pennsylvania's 3rd richest market

$6.8 billion
EBI
and still
counting
THE
MORNING
CALL

The still-growing Allentown-Bethlehem MSA. It's so close to Philadelphia . . . you may figure that a Philly-based media buy will cover this important market. But by all accounts, no Philadelphia daily reaches more than 2% . . . and that could cost your company its fair share of $796 million in food sales, $552 million in automotive, $370 million in department stores, $3.3 billion in total retail sales. The Morning Call, reaching into nine prime counties in northeast Pennsylvania.

Look at our strength in these numbers:

— 57% daily coverage of 495,000 MSA adults and growing

— 66% Sunday coverage and growing

— Growing penetration into five additional counties

— a C.P.M. far less than any other daily reaching into our circulation area

— Simply the most efficient way to punch up a stronger increase in your Pennsylvania sales

The Morning Call
Allentown, PA
(215) 820-6634
Represented by
Creamer, Woodward,
O'Mara & Ormsbee, Inc.

AMERICA'S 82ND MARKET IS ALSO AMONG AMERICA'S TOP 8 CITIES!

Harrisburg, Pennsylvania. America's 82nd largest metro area is now in elite company. USA Today and the Citizen's Forum on Self-Government named Harrisburg one of the nation's top 8 cities this spring.

An ad in The Harrisburg Patriot-News captures 62% of the adults of this "All-America" city daily and a 79% audience share on Sundays*.

Get details from Bob Cobaugh, at The Patriot-News (717) 255-8203, or any office of Newhouse Newspaper Sales.

*Belden Associates, 1983

HARRISBURG PATRIOT-NEWS
A Newhouse Newspaper

cpm CENTRAL PENNSYLVANIA MARKET

NEWSPAPERS

Newspapers may still be a monopoly is some markets when it comes to rop, but with inserts they now have an aggressive competitor whose main asset is cost efficiency — the Postal Service's three-in-one mailing.

As for that rate differential

The Milwaukee meeting of the International Newspaper Advertising & Marketing Executives (INAME) saw much discussion of the national/retail rate differential in light of the American Association of Advertising Agencies' recent report showing a widened gap of 60.52%. Though agencies remain somewhat skeptical on the industry's intentions, publishers recognize that 54% of retail volume now comes from national chains and national advertisers like IBM and AT&T which are busily opening local stores.

Costs based on dollar equivalency could close the gap between national and retail newspaper rates.

Newsplan, which offers to let national advertisers earn lower rates by frequent use, hasn't worked to quiet the fury over the situation. National advertisers still want rates equal to retail for their one-shot promotions.

There is some activity on this front. Sawyer Ferguson Walker's Blackfield, as mentioned above, reports that its *Newport News-Hampton Press* paper is raising retail, but not national, to narrow the gap. Branham reports several of its smaller papers will be starting all advertisers at the same open rate, with retailers earning contract discounts when they reach 13-pages or more in volume.

The most widely discussed solution is rates based on "dollar equivalency" for both national and retail. This would allow the big, multi-product advertisers to match up their total newspaper expenditures against the retailer's billings and earn a comparable rate.

Lionel Kaufman

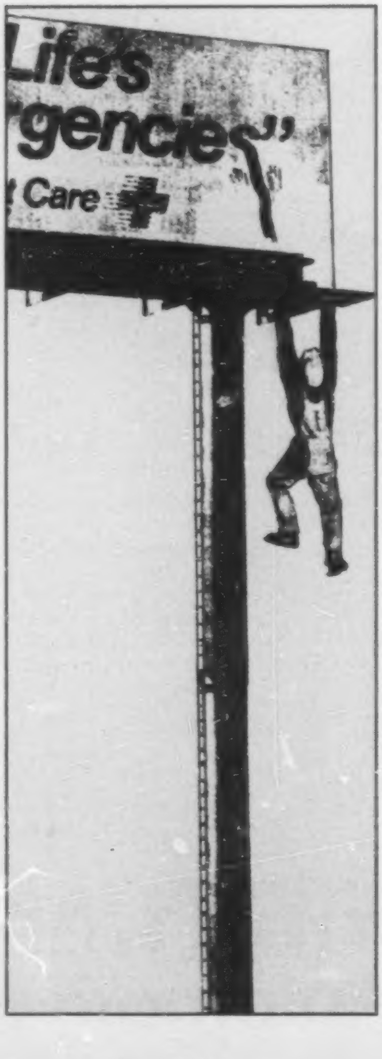
Outdoor's rate forecast: a cool 6%-to-7% rise

Since the 1983 posted increase of 15.7%, outdoor costs have cooled to an average of 6% to 7%, and they appear to be continuing this trend into 1986, according to opinions from outdoor advertisers, agencies and suppliers.

A variety of factors, at times pulling in different directions, have combined to allow the industry to hold cost increases in this range despite the industry's reliance on such vagaries as real estate and labor costs to establish its base. Though plants differ by a point or two, from a low of 6% to a high of 8%, the industry as a whole reflects an increased willingness to present clients with costs more in keeping with the cross-spectrum inflation rates.

Dan Pearson, director of media for R.J. Reynolds — the biggest outdoor spender in 1984 — predicts, "We're looking at about 6%, down from last year. It tracks much more with the general Consumer Price Index (CPI) as one of the major components for outdoor is labor; it's a labor-intensive industry. And labor rates tend to track the CPI — closely."

More and more clients are expecting to see outdoor cost increases follow the CPI as a rule, while some, like Bernie Stolbof, director of corporate media services for Seagram's, feel increases should be no higher than the inflation rate (see sidebar, page 83).



Colos

The expectation to see price increases align more closely with general financial indices can perhaps be traced back to Foster & Kleiser's 6% increase in 1985, which was just one and one-half points above the CPI and which came as a bit of a shock to the industry. F&K had upped their rates by 9.9% in 1984, and some suggested the more conservative rise in 1985 was little more than making up for over-pricing in the past. Dean Jacobs, Foster & Kleiser's executive vice president, sees it in a slightly different way. "We feel the advertiser has been burdened with high rate increases for a number of years. The time has come when we have got to be able to justify rates."

For 1986 Foster & Kleiser will post a rate increase of 6.5%, again lower than the national average, though this year they are not pointing to the CPI as their guide. "The CPI is not really what we're using this year," admits Jacobs. "What we're trying to do is hold as tightly as possible to what we did last year."

Specific rates will vary from market to market, with a high of 7% for California, due to the variables as regional labor and site rental costs. One of the traditional justifications for increases, higher circulation values, is no longer a major influence, according to Jacobs.

"Traffic circulations are not increasing as they have in the past. They are staying level, with increases in only some minor cases." Jacobs does note there is a possibility that this may change because of the fall in gasoline prices.

The most significant factor in the outdoor cost picture is the trend of skyrocketing real estate costs. Competition for site locations among various plants is heating up in most markets, and when zoning regulations come into play, that competition really sizzles.

Jacobs also points to lighting costs as an influence. "They continue to go up, depending on the market. Energy costs have leveled somewhat, but there was a period, particularly in the Eastern markets, when the energy costs were going up and up so that we couldn't keep on top of them."

If anyone is feeling that energy pinch, it's Gannett Outdoor. As part of their "product enhancement" that went along with a major restructuring effort this past year, Gannett is now guaranteeing morning illumination. The 6:00 A.M. to dawn period that this covers includes the all-important drive time in certain parts of year. Gannett's average rate increase is at 7% and, with some markets like Kansas City increasing only 4%, it's clear others will rise beyond that figure.

John Hope, executive vice president, sales, for Gannett's Eastern division, believes that the 7% could have gone even higher due to labor and site costs. "Those are probably the two biggest factors explaining why we're going up 7%," Hope explains. Noting the restless, and conservative, moods of advertisers at the moment, he adds, "We don't think we can go to our advertisers and ask for more money."

Paper is expected to show increases below the inflation rate, between 3% and 4%, thus further cooling any impulse to push for higher increases.

Top 10 Advertisers in Outdoor-1984
(thousands)

R.J. Reynolds	86,954.8
Philip Morris	54,850.7
Loews Corp	28,647.3
Seagram	16,722.1
Bat Industries	12,088.8
American Brands	11,894.4
Hiram Walker	7,759.8
General Motors Corp, Local Dealers	7,022.4
National Distillers	5,669.5
Anheuser-Busch	5,514.4

Source: Leading National Advertisers

Gannett and Foster & Kleiser are the two largest outdoor companies. Hope explains the 0.5% difference in their respective increases with reference to Gannett's higher concentration in the Eastern markets. "We compete in California, but in other Eastern markets, we're incurring bigger union and operation costs."

Beyond these two giants, Creative Marketing Services, based in Atlanta, has recently introduced a computer data base covering rate information for all the major markets plus numerous smaller markets throughout the country. The rate information covers 30-sheet and eight-sheet posters as well as rotary painted bulletins.

Alice Vantrease, president of CMS, estimates costs to rise in the 6% to 7% range in 1986, with rates naturally varying on a market-by-market basis. She sees a high of 9% and a low of about 5.5% within this framework. Her estimates are based on data gathered by CMS for the computerized service. Strongest influence on prices, according to Vantrease, is a softening of demand because of the pullback by cigarette companies and other major advertisers. This leaves outdoor holders in the position of luring in new categories — and they can do that more readily if they keep costs under control.

A conversation with Martin Mullany

Martin Mullany is president, Out of Home Services, an agency that makes outdoor buys for other advertising agencies.

On rate increases:

We think the rate cost for posting will probably increase 6%-7%. Painted bulletins we estimate at 7-8%. Transit we're estimating at 8-10%. Transit is probably only about 8% of the entire outdoor universe; it doesn't make that big a difference in anybody's budget.

Factors behind increases:

There are no real factors except for the standard inflationary factor. This year it's about 3%-4%. There is probably a slight rise in circulation, due to lower gasoline prices.

On backlights:

Backlights are increasing as a portion of outdoor. But I'm not sure backlights are a long-term thing, or just short-term. They tend to be used by advertisers for longer durations than poster showings. I think there's a transfer of dollars here, but I don't think it's bringing anybody new into the medium — it might be a gimmicky factor.

When you get into backlights, you become increasingly cost conscious. You have to buy fewer locations. You have to rely on a nighttime exposure. I think it's great if you're R.J. Reynolds, but if you're targeting a certain kind of audience and want something done now, you look around and realize these things are really not available everywhere. In fact they're not available in most places. So unless they become available in most places, they're really not a medium, they're sort of a tactical marketing tool for most advertisers. For most advertisers, they have limited applications.

On the horizon, a new factor has been tossed into the equation: the expanding use of backlights. Long popular in Canada, backlights have been slowly edging into the States and they have begun to gain momentum throughout the country.

Backlights have their widest use in outdoor bus shelters. Connie Barry, president of Transtop Minneapolis Inc., and also president of the Shelter Advertising Association, estimates that costs for the industry rose a modest 5% in 1985, and that this would again be the increase for 1986. SAA represents 25 companies that build bus shelters in the U.S., Canada, Puerto Rico and Mexico. They maintain the shelters and line up advertisers for the space. Barry says the average cost for such exposure is $250 a month per panel.

Backlights are also used in malls and, most recently, telephone booths. The medium, however, is also getting some play as an attention-getter in 30-sheet form.

These backlights consist of a sheet-metal box, about 18" deep, called the "can," containing flourescent tubing and faced with sheets of Lumiflex, a translucent flexible plastic, with an image either painted or silkscreened.

Cost/Panel Based On Top 50 Metro Markets

	1977	1984	Index	1985	Index
Jan.	167.08	336.72	201	359.54	215
Feb.	167.08	336.72	201	359.54	215
Mar.	167.08	336.72	201	359.54	215
Apr.	167.08	336.72	201	359.54	–
May	167.08	337.11	202	360.19	–
Jun.	167.08	337.11	202	360.19	–
Jul.	167.30	337.52	202	360.19	–
Aug.	167.31	337.52	202	360.19	–
Sep.	169.24	337.52	199	360.19	–
Oct.	178.12	357.49	201	–	–
Nov.	178.16	357.49	201	–	–
Dec.	180.81	357.49	198	–	–

Source: Institute of Outdoor Advertising

Note: Index based on same month in 1977

Costs for this outdoor novelty run about 50% to 75% more than an equivalent painted poster, according to R.J. Reynolds' Dan Pearson, and as much as two and one-half to three times the cost of a 30-sheet poster panel, according to F&K's Jacobs.

Pearson says backlights are worth the premium because of this visibility advantage, and his actions back his words. R.J. Reynolds presently maintains between 750 and 800 units. Another major user of the medium is Hiram Walker. Gannett, sensing an opportunity, will bullishly market backlights in 1986, according to Hope.

For the present, backlights in this large form seem to be something of a specialty item. According to Martin Mullany, president of Out of Home Media Services, "For most advertisers, backlights are not really a medium. They are a tactical marketing tool."

Howard Mittelmark

A conversation with Bernie Stolbof

Bernie Stolbof is vice president, director of corporate media services of Seagram's, number four among outdoor's top spenders.

On increases:

I can't see any justification for increases higher than the rate of inflation. Realistically, however, I would expect about 6%. Last year increases were about 6%, maybe a little higher.

On reasons for increases:

I think it's just pattern. All media increase rates each year. Certainly magazines increased their rates more than they should have last year, for the same old reason; paper went up.

On choosing markets by rates:

That's not how we market, we are not preempted by rate increases. Disparity is a factor, definitely, but rather than changing markets, we would look at alternate media in that particular market if the increase is excessive.

Overview:

There's a certain softness in the media business right now. It's sort of a Catch-22. If they increase their rates, potentially they stand the risk of losing more business. At the same time, however, they're looking at their margins.

Historically, there's a parity between outdoor and the other media, excluding broadcasting. Up until last year they were running even. Last year outdoor was a little bit less.

On backlights:

They're effective from a visual point, but I question their effectiveness with regards to value. When they serve their greatest purpose, at night, most market circulations decline.

Direct marketers seek to steady rates

But advertisers continue to complain that they're too high to begin with.

After more than a year of exploding prices, costs for the direct marketing industry began to level off in the middle of 1985, and most predictions see this trend continuing through 1986. While this is good news, the bad news is that costs have stabilized at what most consider an onerously high level.

According to many industry experts, no sizeable jumps in postage rates, paper, lists or printing expenses — the key factors in direct-mail expenditures — appear to be in the offing for the remainder of 1985-1986. In all probability, price adjustments for these four components are expected to hover in the 4% to 5% range, commensurate with the inflation rate. Direct marketers using broadcast and print, however, should expect costs to exceed the general inflation rate by about 2%, estimates C. Patrick O'Donnell, Jr., vice president at Furman Selz Mager Dietz & Birney.

The more moderate increases this time around may have their cause in last year's soaring rate rises. On the average, direct-mail costs shot up 15% in 1984, with the biggest factors being the hefty rises in postal rates and paper prices. Third-class postal rates rose 13% last February, a particular blow to catalogers. Some observers are betting that direct mailers will only have two years to digest these increases before getting smacked with yet another. According to Gene A. Del Polito, executive director of the Third Class Mail Association, "With Congress having approved a subsidy for nonprofit mail in the new budget, a recommendation for further rate increases will not be made until next summer." It then takes another 12 months or so for any hikes to take place, he says. "When they do," he warns, "I fear they may be as substantial as the last time — and possibly more so." Because of the difference in the calculation of the pound weight under the February changes, "some marketers may have found their cost rates going up 25% to 28%," says Del Polito.

ES
BUSINESS REPLY MAIL
FIRST CLASS
WASHINGTON, D.C.
TIME
IMPORTANT: Please return Enclosed Dated Cards.

Colos

Some major catalogers are making revisions in the size of their books as well as the weight and quality of the paper used to try to offset some of the extra costs. For example, Spiegel, Inc. the Oak Brook, Ill.-based catalog marketer, has begun to make reductions in size and change of paper for some of its books. Circulation is "also being carefully scrutinized," tells Frank Zelasko, advertising service manager.

Spiegel spends about $4 million annually for space ads to promote its catalogs. While the budget for 1986 has not yet been determined, no significant change is expected, says Linda Arehart, market project program manager.

Instead, Spiegel will make cuts by changing papers and formats for inserts, and catalog sections will be used, but only for specialty books, not their general merchandise catalogs. "It is a relatively inexpensive way to extend our program," explains Arehart.

The large-scale increases in paper costs taken last year have caused many companies, other than Spiegel, to alter their operating methods. Paper prices have jumped about 18% over the past 18 months, but the last increase was incurred at the beginning of 1985. Most observers believe that paper costs should stand fairly firm in 1986. "Printing prices may show moderate increases, but they should be less than the inflation rate, and may even hold level," projects John Van Horn, vice president for planning and marketing at Alden Press, a subsidiary of John Blair Co.

The improved quality of different grades of paper — including coated papers — will also tend to keep down costs, he believes. "There has been such [illegible] improvement in freesheet [illegible] is possible to drop down one level — at the same weight — without a very noticeable difference." Van Horn maintains that competitive pressures should keep printing prices down and any increases in printers' costs can be recovered by lower paper prices.

William Nourse, general manager of Webcraft Technologies, Inc., a direct response printer based in North Brunswick, N.J., is noticing that many advertisers are converting to lower weights of paper to buffer past cost increases. "Some catalogs have already converted and many will test the lower weight paper. If this continues, there is always the possibility that lower weight paper costs will go up, but this will not happen in the next year or so, if at all," finds Nourse.

Advertisers buying lists should find prices remaining pretty even, as should fulfillment costs, predicts Roger Abelson, president of MBS/Multimode Inc. The company, based in Huntington Station, N.Y., does list maintenance. Abelson notes that prices for lists pinpointing upscale households and consumers have been spiraling upwards since mid-1984. He says though, that these lists should top out at their current $85 to $90 a thousand batch, with the Neiman/Marcus list probably the highest at $110.

"Low-priced" lists now go for $40 to $50 a thousand. Back in 1979, high-ticket lists rented for $60 to $65 per thousand.

"List prices are pretty hefty and it would appear that most will stop climbing, although there are some exceptions," says Marcella Lieberman, vice president, Listworks Corp., a list broker in Mt. Kisco, N.Y. she points to technological advances which will contribute to mailer cost-effectiveness by allowing for better demographic and psychographic mail selections. For example, she cites computer capabilities, careful elimination of duplications and more comprehensive data base information.

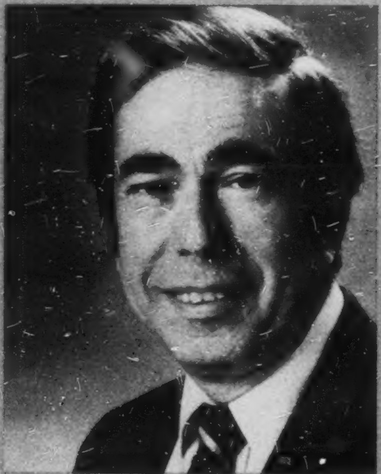
Even though direct marketing costs may hold relatively steady this year, the likelihood is that many advertisers are having difficulty digesting the previous increases. "All these higher costs will come together and the full

A conversation with Ed Nash

This question and answer report is with Edward L. Nash, president, BBDO Direct, New York

On the future of direct mail costs:
I see the overall cost going up 10% a year. That means more and better techniques must be developed for target segmentation. Another problem that must be solved is the inefficiency of the delivery system. The number of pieces actually delivered is increasingly under question.

On the value of direct mail:
Direct mail to the right person — despite the cost — is the most powerful direct marketing technique. It brings in the highest response rate. "Conquest" mailings, initiated by car companies, are being extended to other products for more appropriate targets.



On use of co-ops and card decks:
These techniques can be used to cut costs only if the product is familiar. The more sophisticated the product, the less productive they are.

On tv usage:
Television is becoming a major factor in many campaigns. In the past, tv was not considered economical. Now, some accounts have switched as much as one-half of their budgets to tv. Everyone is acquainted with the magazine commercials and their 800 numbers. The cost in relation to the response is the way it must be measured.

On telemarketing:
It is costly, but it is the fastest growing technique. It is most productive when a prior relationship has been established. Well-trained people are vital because the more intimate the marketing contact, the more you can affect a prospect. The dearth of good, experienced people is a problem in all aspects of direct marketing. They are very much in demand and salaries are commensurate.

impact will be felt in 1986," declares Robert J. Coen, senior vice president at McCann-Erickson Worldwide. "This will be the year when direct marketers will have to assess their campaigns on the basis of these factors."

For those who find they have to reassess their direct marketing programs for cost efficiency, other alternatives include telemarketing, co-ops and card decks as well as catalog sections, which involve uniform grouping of ads for catalogs.

Coming on strongly is telemarketing, which can be done in-house. Phone responses are usually higher than through use of direct mail, claims Geri Gantman, executive vice president of Telephone Marketing Resources, a New York company that specializes in developing and implementing business telemarketing programs.

Gantman, who is also vice chairman of the Direct Marketing Association's Telephone Marketing Council, concedes that it costs considerably more to deliver a message via the telephone than using direct mail. Still, she contends that enhanced market penetration must be taken into account, as well as the information obtained for a database.

Top 10 Advertisers in Direct Marketing

Company	Direct Marketing Advertising Expenditures 1983	1984	% change
Figi's, Fingerhut, Michigan Bulb (American Can)	$113,200,000	$155,000,000	40.0
Spiegel Inc. (Otto–Versand)	83,090,700	127,727,300	53.7
National Liberty Marketing (National Home Life Assurance Co.)	64,100,000	83,400,000	30.1
New Process Co.	57,329,000	64,006,000	11.6
Metropolitan Life Insurance Co.	n/a	61,000,000	–
Hanover House Industries	40,000,000	48,000,000	20.0
Columbia House (CBS, Inc.)	35,000,000	37,154,000	6.2
Rodale Press Inc.	28,847,000	37,154,000	28.8
Colonial Penn Group	28,100,000	35,000,000	24.6
Grolier Inc.	27,700,000	30,000,000	8.3

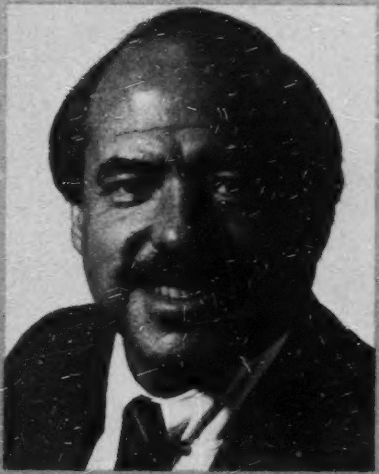
Source: Direct Marketing Assn.

Telemarketing is finding an enthusiastic following in the business-to-business sector. This is because an office call by a salesman now costs more than $200, explains Richard S. Hodgson, president of Sargeant House, which is a direct marketing consultancy based in Westtown, Pa. Hodgson also finds that co-op mailings and card decks can be used to cut costs, but he cautions that these devices do not "appear to be efficient for higher-priced items."

All options are being considered by

A conversation with Hugo Quackenbush

This question and answer report is with Hugo Quackenbush, senior vice president, Charles Schwab & Co. Inc., San Francisco, the largest discount brokerage in the country.



On Schwab's growth:

Charles Schwab started the firm in 1971 with $3,000 and we now have gross revenues of $150 million. The only kind of advertising we have used has been direct response. We will spend about $12 million in 1985. We have not decided the 1986 budget as yet, but I expect we will spend at least 20% more for direct marketing, some of that attributable to higher costs.

On using direct mail:

After a year of testing, we initiated our first-scale campaign in February. The expansion and improvement of our computer facilities made it cost-effective. Previously, it would not have been productive in relation to money spent on print advertising. Increased postal rates would have been important if we looked upon direct mail as a stand-alone instrument. We now measure our costs in terms of the entire budget and the results we get. We also have established an image and opened branches in so many locations — the latter an important factor in justifying any direct mail costs. Standing by itself, any aspect of our marketing program might not be cost-effective.

On how to evaluate:

We work on the basis of the potential of the customer. We are building an on-going business — not making a $29 sale. We measure costs in terms of possible returns over the long range, making targeted lists so important. We are affected by securities market conditions and they affect our promotional efforts. However, we always continue to advertise in our basic media — such as the *Wall Street Journal* — even when the market is dull. We tested telemarketing this year and plan to venture into that area. It is expensive, but with direct mail, it seems worthwhile.

major direct marketing advertising agencies. Dianne Edleman, vice president and creative director of Ogilvy & Mather Direct's Atlanta office, states that rising costs have already affected consumer accounts' direct-mail budgets which have been cut in favor of other alternatives. "In one case the cost of the extensive use of direct mail for a company with more than 1,000 branches was found to be prohibitive," she describes. "We have been able to make use of the alternatives and create a cost-efficient campaign." In this instance, the agency put together a package that included direct mail, newspaper ads, billboards, mall displays, "take ones," and door hangers.

Direct marketing is flexible because it is "so cost-sensitive," emphasizes Edleman. "There is almost an immediate measurement of expenditures against returns." Image advertising cannot be measured as easily, she adds.

Rapp & Collins, Inc. is also looking into available direct marketing options. Michael F. Colavito, executive vice president, chief financial officer and general manager of the New York-based agency, notes that "telemarketing is the most recent and biggest hot area. With direct-mail costs so high, we are once again looking more closely at newspaper ads and broadcasting. Co-ops mailings also are being considered, depending on the account." Most of the clients using co-op are in magazine circulation promotion.

Roberta Maneker, vice president at the Direct Marketing Association, notes that more and more clients are trying other direct marketing techniques. "In the face of rising costs, direct marketers are exploring use of more targeted mail. They also are continuing to explore various techniques to improve response rates," says Maneker. Wayne F. Peak the president of Media Services Inc., a direct marketing printer, is in agreement. Except for very large drops, he says, direct mail will continue to increase "because it is still the cheapest mode of marketing."

Jerrold Ballinger

Working Budget for Sample Direct Marketing Mailings—1984
(Approx. Net Quantity, 100,000)

A. CREATIVE	
1. Preliminary roughs and dummies	$ 200.00
2. Copy, including revises	2,750.00
3. Tight comp. layouts	550.00
4. Contingency reserve	350.00
TOTAL	$3,850.00
	(6.3%)
B. ART & PREPARATION	
1. Mechanical art & preparation	$ 900.00
2. Typography, including AAs	1,200.00
3. Repros, pos. prints, reading copies, etc.	175.00
4. Line illustrations (7)	210.00
5. Photography	800.00
6. Model fees	350.00
7. Color separations (2)	900.00
8. Colorkey proofs	300.00
9. Stripped-in print films	360.00
10. Contingency reserve	1,000.00
TOTAL	$6,195.00
	(10.2%)
C. PRINTING PRODUCTION	
1. 4-pg. litho let., 8½" × 11", 2 colors* (105M @ $21/M)	$2,205.00
2. 16-pg. booklet, 5½" × 8½", 4 colors* (105M @ $63.60/M)	6,678.00
3. Reply card, 3½" × 5½", 2 colors (105M @ $11.50/M)	1,270.50
4. BRE, #7¾, one color (105M @ $10.70/M)	1,123.50
5. Outer env., 6" × 9", 2 color, cello wind. (105M @ $43.23/M)	4,539.15
6. Contingency reserve	2,000.00
TOTAL	$17,816.15
	(29.3%)

*Folded NOTE: Freight charges included

D. MAILING LISTS	
1. Mailorder respondents (tape) 70M* @ $85/M	$5,950.00
2. Active magazine subs (tape) 45M* @ $55/M	2,475.00
3. Contingency reserve	1,000.00
TOTAL	$9,425.00
	(15.5%)
E. COMPUTER PROCESSING	
1. Reformatting, data conversion, etc.	$ 350.00
2. Merge/Purge (115M @ $9.25M)	1,063.75
3. Code and run 4-up labels (100M @ $3.50M)	350.00
4. Reports & directory printout	175.00
5. Contingency reserve	400.00
TOTAL	$2,338.75
	(3.9%)
F. LETTERSHOP PRODUCTION	
1. Insert, label, sort, mail, etc. (100M @ $19.85/M)	1,985.00
2. Affix bulk rate stamps (100M @ $5/M)	500.00
3. Audit & pull samples (100M @ $1.75/M)	175.00
4. Contingency reserve	250.00
TOTAL	$2,910.00
	(4.8%)
G. ALLOCATED FEES	
1. Ad Agency	$5,000.00
2. Consultant	1,200.00
3. Contingency reserve	1,000.00
TOTAL	7,200.00
	(11.9%)
H. POSTAGE	
1. 100M @ $109/M	$10,900.00
	(18.0%)
BUDGETED GRAND TOTAL	$60,634.90
	(100%)

Budgeted Total without Cont. Reserves = $54,634.90

Cost-per-M range, high/low = $606.35/M – $546.35/M

Source: Shell Alpert, direct marketing cost consultant

Continued from page 71

And how. Morgan-Grampian Publishing Co. now offers six-and-more-time advertisers discounts based on the pages they ran with competitors this year, and Cahners Publishing Co. will waive rate hikes for $10,000-plus advertisers who promise to raise their ad dollar volume 10%.

Many publishers of smaller, more tightly focused books are eyeing direct mail as a specialized-marketing competitor, just as they do other magazines. They ought to be concerned, say planners: At last report at year-end 1983, according to the Direct Marketing Association, business-to-business direct mail was a $19 billion industry, growing at a rate of $3-4 billion a year. Bill Mackey, vice president and media director at Rumrill-Hoyt, Inc., reports that he's put more clients into direct-mail campaigns in recent years, especially those companies whose markets yield isolated segments with high potential.

Some are down to four-time schedules where six-time used to be the minimum.

Even in the medical marketplace, where drug profits are up 9% and new-product advertisers are starting campaigns by springing for multi-page insertions, rising costs are breeding business-press competitors. That's the word from Steven Sorkenn, senior vice president for business development at Medical Economics Company, who sees more drug promotion money going to direct mail and "external house-order properties." One popular new medium, he says, is single-sponsored publications produced expressedly for advertisers.

There are still plenty of traditional business press-concentrated advertisers who just hope for lower rates. But JWT's Bert Peller isn't so sure lower rates are a ticket to thicker books. "If you halved the ad cost of every business magazine," he challenges, "do you really think you'd get many more pages? Advertisers, I think, are prepared to move at a given pace."

Fred Pfaff

Continued from page 88

Pages usage. The study is being undertaken by Statistical Research, Inc.

The initial findings, based on 2,960 telephone interviews made during the first quarter this year, discovered that 18.6% of adults used the Yellow Pages on a typical day and more than half, 55.8%, referred to the Yellow Pages during a typical week.

Smykla says further research will develop information on Yellow Page usage by specific product-service categories and demographic variations in usage according to sex, age, education and income.

The system under which national advertising gets into the books uses a network of authorized sales representatives, or ASR's, which place all national advertising.

Although ASR's operate much like radio or television rep firms, there is an important difference. Southwestern Bell's Jennings explains: "We don't have any contractual relationship with the advertiser. The contractual relationship — what they ordered, whether they got it and who they pay — is not with us. It is with the ASR. There is a legal responsibility between those two and then the ASR has a fiduciary responsibility to us because they are selling space in our directory."

The ASR keeps the advertiser and agency a step away from the publisher and the extra step causes some problems to advertisers like Mary Kay's Hewlett.

She complains that direct contact between herself, the advertiser, and the publisher is difficult, if not impossible. "There are no industry-wide policies and procedures, so we never know when something is going to hit us from the back door, something that we had no way of knowing up front was going to happen," she says.

Hewlett also cites inconsistencies in the way ads are printed and the lack of any method for publishers to make good on mistakes and omissions. "I have heard of some publishers issuing corrected sheets, but no one knows who is doing it and it certainly isn't a majority policy," she says.

Frank of the agency association says some efforts toward standardization are being made by publishers. "Each of the seven regional operating companies is striving for standardization," he says. "Ameritech, which is a combination of the Bell companies in Ohio, Michigan, Indiana, Wisconsin and Illinois, is making an effort to standardize those five companies' directories." Jennings isn't optimistic about achieving industry-wide standards.

"The 138 publisher members of NYPSA," he says, "have their own specifications, their own standards, front-end contracts, photo-composition systems and so forth. Back in the days when AT&T owned the 20 or so largest publishers, we couldn't agree among ourselves who was going to change their systems to bring about standardization. It's an important issue we need to work on, but it's going to be a tough sale because it will mean heavy investment for some, if not all, of us in systems and procedures and printing specs and standards."

It's clear that Yellow Pages have come a long way as a national medium.

Just as there has been a proliferation of directories and an increase in national advertising since the AT&T breakup, so too has there been a growth in the sale reps and agencies that bridge the gap between the two. Frank, in addition to his duties with NYPAA, also runs his own agency, Telephone Directory Advertising, Inc., in Cincinnati, which he reports does annual billings of about $5 million in Yellow Pages business. He declined though to name his clients. "If I do, everybody's going to go after my business."

It seems clear that Yellow Pages have come a long way as a national medium and that they still have a way to go. NYPSA's Smykla says he considers Yellow Pages "a fledgling in the advertising business." And Hewlett is optimistic that competition will help the advertisers over the next few years. "Yellow Pages," she says, "is definitely going to become a more advertiser-influenced medium."

Bill Dunlap

Continued from page 48

Roganti complains that "Madison Avenue's wanting to know about quantifiable data is based on their 25 or 30 years of unfortunate misunderstanding of the television medium. Advertisers should understand that they are buying cable not for ratings but because it delivers an audience against whom no one else delivers. The people who recognize that are the ones who are franchise holders." And he rather pointedly adds that "on MTV or VH-1, these advertisers are treated accordingly in terms of ad charges."

While MTV is covered by Nielsen meters, VH-1 has not yet hit the 12.7 million household level necessary for Nielsen ratings. Getting advertisers to buy time on an unrated program is not an easy task, says Roganti. "We ask prospective clients for VH-1 what they are waiting for before they buy time," relates Roganti. "If their answer is Nielsen information, we tell them that once rates are quantified, we can affix costs that may well be in excess of what they would have been if they had taken a chance and come on as a franchise holder. The same people who took a chance on MTV and cashed out are the ones who are jumping onto VH-1." These advertisers include Procter & Gamble and all the top auto companies, lists Roganti.

ESPN's vice president of sales, Jack Bonanni, says renewals and new entrants to the networks' ad roster (Chevy, IBM, Anheuser-Busch, and new client TWA) boosted network overall billings up 25% over last year. "CPM's reflect increases in our subscriber base, which is growing at about 400,000 a month, which is slightly higher than cable industry growth overall," says Bonanni. He argues that "ESPN can and does deliver significant schedules to advertisers for approximately half of what they are paying in the national sports marketplace in terms of CPM's." ESPN just picked up the National Hockey League; got exclusive rights for the next America's Cup; and started wrestling programing in August prompted by the high ratings that sport achieved on the Turner and USA Networks.

CNN and CNN/Headline CPM's are increasing, says John Barbera, CNN's senior vice president of sales. That hike is tied to network news increases of about 10% to 12%. The channels represent 15% of all viewing of national news, he claims. "However, the entire industry is bloated with inventory and that allows advertisers to drive efficiencies down," he adds.

Cable is indeed a buyers' market, still purchaseable at a 25%-50% discount over broadcast. Dancer Fitzgerald Sample senior vice president Beverly O'Malley sees few if any increases in CPM's since the competitive environment has stepped up this year. "It's tougher on the street as cable net-

Cable TV Network Advertising Revenues

Network	Estimated 1984 Ad Revenue (mil)	Projected 1985 Ad Revenue (mil)	Estimated Average 1984 Subs (mil)	Projected Average 1985 Subs (mil)	Estimated 1984 Revenue Per Sub	Projected 1985 Revenue Per Sub	Projected 1984-1985 Revenue % Gain
A&E	$1.5	$5.5	6.0	14.0	$.25	[illegible]	[illegible]
BET	2.5	4.5	6.4	9.5	.39	.47	80.0
CBN	28.0	42.0	25.1	29.0	1.12	[illegible]	[illegible]
CNN	42.0	56.0	27.8	34.6	1.51	1.62	33.3
ESPN	58.0	72.0	32.1	36.9	1.81	[illegible]	[illegible]
FNN	6.7	10.5	14.0	19.8	.48	.53	56.7
HEADLINE	6.0	8.0	12.1	17.7	.50	[illegible]	[illegible]
LIFE	18.0	26.0	18.6	25.8	.97	1.01	44.4
MTV	62.0	83.0	21.3	26.4	2.91	3.14	[illegible]
NICK	6.0	8.5	18.0	24.8	.33	.34	41.7
TNN	18.0	28.0	15.4	23.5	1.17	1.19	[illegible]
TWC	7.0	11.0	13.3	18.6	.52	.59	57.1
USA	38.0	49.0	24.5	30.5	[illegible]	[illegible]	[illegible]
VH-1	n/a	7.0	n/a	3.5	n/a	2.00	n/a
WTBS	146.0	165.0	30.8	35.5	4.74	[illegible]	[illegible]

Source: Reprinted with permission of Paul Kagan Associates, from Cable TV Advertising Newsletter, *March 1985.*

works have numbers to sell,'' she notes. ''For that reason we see CPM's for several buys at the same as they were last year.'' O'Malley says cable nets are ''becoming more sophisticated in creating special programs for cable and in scheduling programs to create effective counterprogram schedules.''

J. Walter Thompson's Kaatz also notes that cable provides the opportunity for advertisers to buy within programs, rather than during breaks. ''Advertisers spend a great percent of their ad money on station breaks between broadcast programing. In cable, most of the ads are within the program breaks so, particularly in light of zapping scares, advertisers have a better shot at the viewer through cable. You can creatively tie-in ads to cable programs which you can't do on broadcast programs.''

R&R
ADVERTISING
SRDS
CHAIRMAN
PRESIDENT

"I know we've got all the answers, Ed. But where do you think we get them?"

The local advertising area began showing up as an important revenue source for MSO's and an opportunity for advertisers in 1983. That trend continues, with about 1,000 systems now reaching 60% of cable systems which are equipped to sell local ads or promotions. By Kagan estimates, leading cable operators in 1984 generated a record $72.7 million in local advertising sales against a base of 13.3 million subscriptions, equaling $5.49 per subscriber. In 1985, these same MSO's may break $100 million against a base of 15.8 million subs reachable through local avails; that translates into $6.92 per subscriber.

Group W's vice president of ad sales, Thomas McKinney, says 86 of his 130 systems now sell local avails, and account for 85%-90% of Group W's business. Profit margins on some systems are as high as 30%. McKinney promotes local avails' targeting of geographic and demo skews that could be of particular benefit to local stores.

Broadcast Advertisers Reports (BAR) shows that ad sales for the top four networks (CNN, ESPN, USA, and WTBS) were up an aggregate 21.6% in 1984 over the previous year. Spending by the top ten advertisers as indicated in the accompanying chart was up 16.7%. Top gainer was CNN, which posted a 31.5% rise in 1984; ESPN, 23.5%; WTBS, 19% and USA, 17.1%. P&G upped its cable ante nearly 60% last year, to $21.2 million, becoming cable's biggest spender. Anheuser-Busch, ranked number-one cable spender in 1983, spent $1.8 million less, or $15.5 million on cable in 1984, placing second. Thompson Medical tripled its cable budget between 1983 and 1984, replacing General Motors at #9; AT&T upped its spending 23.9%, edging out American Home Products for the #10 spot.

It's clear from this review that cable still faces an uphill battle in convincing the ad community to accept their medium as an equal in the media mix. Modest cost increases and a more general reach, however, just may do the trick. *Judith Reitman*

Bangor EBI growth rate greater than U.S. rate

Between 1983 and 1984, Effective Buying Income in Bangor's 8-county market increased by 11.8 percent.

Northern New England's largest daily newspaper

Represented by Sawyer-Ferguson-Walker

Bangor Daily News

The Maine Choice.

Sources: S&MM SURVEY OF BUYING POWER, 1984 and 1985.

Continued from page 20

Gottesman. The problem is less of a general economic problem than a "lack of big new product categories," he says. Gottesman points out that heavy advertisers like computer marketers have cut back now that their sales are slumping and that no other major area has stepped in to take up the slack.

Gottesman projects that for all networks, the revenue gain for the year should only be in the 3% range. He thinks ABC, already third in the ratings, "will have the toughest time of all. They could be flat to down. Advertisers are waiting to see what happens with their ratings and pricing." Still, Gottesman estimates that ad rates for tv should increase about 7% to 9% next year. While he thinks that cable and syndication will cannibalize networks' markets to a degree, Gottesman also adds that "long term they will bring more dollars to the pot than they take out."

Ed Atorino, first vice president, Smith Barney Harris Upham & Co.:

"The rate of revenue gains for the networks will be very small this year," says Atorino, who places it in "the 3%, or tops, in the 5% to 6% area." Atorino notes that with audience viewership of the networks on the decline, "advertisers are looking for alternatives . . . and there's syndication and independent station options, among others." Ad rates among the major nets, he figures, "should be up 7% to 8% at most."

Atorino also notes that many of the medium's biggest advertisers — beer, wine, electronic companies — are witnessing a slowing of growth in their own categories. Therefore, "the big companies are holding the advertising line," says Atorino. "The pricing may sound good, but the dollars just aren't there."

As for 1986, "it could be better, but not dramatically so," he says. "If the economy perks up we might have a pleasant surprise, but it hasn't been a great year for tv."

On the magazine side, Atorino sees a "mixed bag." He feels that magazine revenues should be up a total of "8% to 9% for the year, with ad rates up 6% to 8%. Magazines are up against the same falloff in beer and wine advertising that television is," notes Atorino, "but there has been a big shift by automobiles to magazines and away from tv." Among the strongest magazine categories, picks Atorino, are fashion, housing and women's books. Business magazines, he says "have been hurt by corporate cutbacks. And the big news magazines have been hurt by cutbacks in liquor and cigarette advertising."

Newspapers, in Atorino's view, are seen as "surprisingly solid." He projects ad rates in this medium to be up around 6% to 8% with revenues advancing 9% to 10% over last year. And in the key area of classified ads, revenues should be up well over 10%, he adds. But Atorino cautions that newspaper markets fluctuate greatly around the country. "New York is strong," he observes, "as is Chicago. But Dallas has been up and down and the West Coast has been bad."

John Morton, newspaper analyst, Lynch Jones & Ryan:

"Newspaper advertising rates should be up in the 5% to 7% range in 1986, with papers' revenue increases around 8%," figures Morton. Direct mail, considered by many to be a threat to papers' prosperity, "hasn't affected newspapers profitability," finds Morton. "This is largely due to the improved efficiencies they have made in areas such as labor costs."

Another way in which newspapers have been able to fend off the direct mail challenge, points out Morton, has been by sending off their own pre-print material through the Post Office.

J. Morton

J. Fuchs

"Papers have been using second-class mail, which has been challenged by direct mailers, and which will be a big issue," he says. Direct-mail advertisers, who send out their own materials through third-class postage, would like to stop such direct competition. "It's a murky area," notes Morton. "To qualify for second class, a certain percentage of the paper mailed has to contain news, and a certain percentage of the circulation has to be paying for the paper."

In general, the bigger papers have been able to keep their ad rate increases above the industry average. For example, "*The Wall Street Journal*'s rate is up 9.5%, despite soft circulation gains," says Morton. "And *USA Today* has succeeded beyond expectations. It has doubled its ad pages. It's still a long way from being a success," he cautions, "but it has cut its losses."

Joseph Fuchs, vice president, media analyst, Kidder Peabody:

"Newspaper ad rates will be up 7.5% in 1985, with revenues advancing about 10%," estimates Fuchs. "In 1986, rates should be up 8%, with revenues rising 10% to 12%."

Fuchs credits newspapers for having been successful in dealing with the direct mailers through "zoning and improved total market coverage. The newspaper industry continues to become much more aggressive in product segmentation."

In the field of magazines, Fuchs thinks that "the lack of special events this year has been very critical. There has been a falloff in electronic ads, which has also hurt." He finds it hard to make projections in the category, "with the economy as skittish as it is. Our assumptions about the economy may have been too bullish." Yet all in all, Fuchs is assuming that magazines as a whole will see revenue increases of 8% to 10% in both 1985 and 1986, with ad rates up around 8% in both years. "It's hard to really say, but I think that the big news weeklies with their large circulations will get the biggest juice, while monthlies will get the least and women's magazines should come in somewhere in-between."

Continued from page 41

Syndication

Last, but hardly least, more advertisers flocked to syndication in 1985, spending an estimated $600 million in the growing medium. And advertisers' fervor for barter shows no signs of cooling in 1986 as they use syndication to supplement their network television buys.

Leo Burnett, for one, is still keen on barter, doubling its syndication expenditures from $60 million to $120 million this year. But Burnett's Had~~lock anticipates th~~at prices will rise in syndication next year, "especially if there is a herd mentality out there as there seems to be with barter."

Just how successful syndicators will be in their efforts to charge more is in question. This is because syndication automatically has a ceiling imposed by rates from the networks. The medium's appeal stems from its pricing, which is still 10%-20% below network costs. Hadlock warns though that programs like *Fame* and *Wheel of Fortune* are approaching network price tags. According to Hadlock, *Wheel of Fortune* has the highest unit cost while *Fame* has the highest CPM.

Meanwhile, syndicators lament that their product is undervalued. "Agencies have us in a position where they automatically expect us to deliver 20% cheaper than the networks, and that is not fair," says Ric Levy, president of Camelot, which is the sales arm for King World, which syndicates *Wheel of Fortune* and *Jeopardy*. "Some of our product has better clearance than network fare," he charges.

For example, Levy says that *Wheel of Fortune* has a 99% clearance rate. He further adds that since October, the show has been pulling an average 18 rating, higher than many network shows. "But, we don't get $100,000 a spot like the networks do. We can only command $80,000 a unit," he complains. Levy further argues that advertisers fail to see syndication's major strength. That is, since syndicated shows run at different times in different markets, the networks find it impossible to counterprogram against any given title. And that is clearly a strong, competitive selling point for syndicated fare, he points out.

Caution is the key word in discussions with media directors regarding network television costs for 1986.

In terms of pricing for next year, Levy predicts that costs will vary according to each show. First, there's what Levy calls the "A level." These are the established shows which have high station clearance, the top stations in the markets, and pull good ratings. "These shows, like *Fame, Entertainment Tonight, Wheel of Fortune, Jeopardy, Donahue*, and *Lifestyles of the Rich & Famous* are pushing toward network comparability, with costs running about 10%-20% below network prices," Levy explains.

Levy's "B level," will have a much lower CPM because the clearances are not as high as the A level, or if the shows have a high clearance, they have a weak station lineup. Levy lumps shows like the ad hoc movie packages, the not yet launched *INDAY, Seeing Stars, Let's Make a Deal* and *Greatest American Hero* into that group The "B" programs are much more negotiable, Levy advises.

Finally, there's Levy's "C level," where advertisers will find even more bargains. Levy places highly targeted vehicles with low clearances, such as *The Wall Street Journal Report* into that group.

At LBS Communications, chairman Henry Siegel guesses that advertising costs in syndication will remain pretty constant next year because "more product is out there than ever before." Naturally, there will be exceptions: LBS's successful show *Fame* just underwent an increase in price — but Siegel reassures, under 10%.

Marianne Paskowski

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South Bend Tribune

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Continued from page 54

vertising budgets for some brands might have been cut, and ad agencies are "trying to get more for their money."

Network outlook

The fledgling Radio Network Association's new executive director, Bob Lobdell, reports that in the fourth quarter of 1985, radio networks will command an average cost per point of $1,925 for programing aimed at the 12-24 demographic. The 18-34 demographic will cost about $1,900 per point while the 25-54 age group will range around $1,850 per point.

Based on these composite figures, Lobdell projects that, for 1986, networks will be asking a $2,100 cost per point for teens/young adults 12-24, and $2,000 for the 18-34 and 25-54 age groups.

Historically, network radio rates began to escalate in 1975, and in the last three years, rates have gone up well over 100%, observes Hal Katz, executive vice president of Vitt Media International, a buying service. According to Katz's estimates, three networks alone, ABC, CBS and NBC, sold a total of 123,049 commercials in 1979 with revenues at $172 million. But by 1984, while the number of commercials on the three networks increased slightly, the revenues skyrocketed to $270 million, an increase of 57%.

Katz, for the short term, is expecting a significant increase in radio rates for the fourth quarter 1985 where cost per point of some networks targeting women 18-49 will hit almost $5,000, "putting them in the range of some network tv."

Katz also identified two factors which might influence network radio rates in the coming year. Since he thinks inventory on the networks is in rather short supply, he would not be surprised if the networks decided to expand inventory by either creating new targeted networks or by launching new programing on existing networks. If that came to pass, it "could have a leveling effect on rates as supply moves closer to demand," he advises.

But, demand for radio network time

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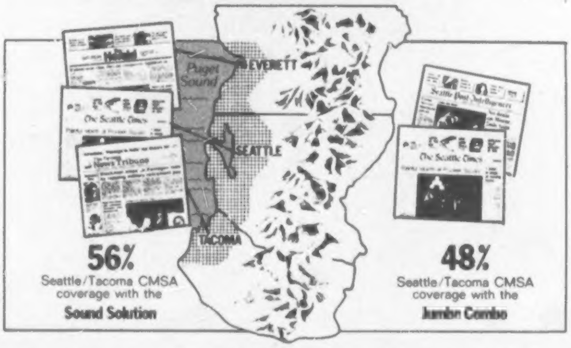
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The Herald ▪ The Tacoma News Tribune

See the Seattle Sound Unit in SRDS

Represented Nationally by Sawyer-Ferguson-Walker, Inc. ▪ 1983 Scarborough

by influential packaged goods advertisers such as Procter & Gamble could bring other major advertisers to network radio, Katz reasons. If that occurs, demand would rise and prices would continue to escalate as they have for the last few years. "Procter & Gamble took a lot of network tv money and stuck it into radio this year, and when a big advertiser comes in like P&G, well, that means something," Katz believes.

Still, most buyers are not expecting hefty increases on the network radio front. At SSC&B, Gary Carr, vice president, associate director of network programing, feels that the overall supply of national radio time has "kept CPM's and unit costs from escalating as much as the dollars being spent in the medium have escalated." To Carr, network radio's supply curve has "hit its peak" because the majority of stations don't draw the type of large audiences preferred by national advertisers, and hence networks don't want them as affiliates. Carr predicts that network radio's revenues will grow by 8%-12% in 1986, but that network radio CPM's and unit costs would increase at a slower rate.

While business has been healthy for the radio networks, some of the players temper their optimism for 1986. "I would really like to be able to say that our rates are going to skyrocket," begins Lou Severine, vice president and director of sales for the ABC Radio Networks, "but I don't really feel that," he admits.

Severine is looking for network sales to increase about 9-10% ahead of 1984, but thinks there is too much inventory in the marketplace right now.

Down the street at CBS, Steve Youlios, vice president of sales, thinks that the radio network supply and demand situation has stabilized. "A few years ago, the amount of inventory grew faster than the demand for it, but now demand has grown to come in line with the amount of inventory that's out there," he notes. Furthermore, Youlios says that CBS has no immediate plans to expand its programing or develop another network.

While Youlios predicts that there will be more ad dollars in network radio in 1986, "advertisers are not going to be up against tremendously higher rates." But he cautions buyers that in the coming year "it will be more difficult to place schedules on a last minute basis."

At J. Walter Thompson, Ron VonUrff, vice president and associate media director at J. Walter Thompson USA, reports that his department is "looking at network radio more to achieve high reach as well as targetability." He expects the agency's clients to increase their use of radio "substantially" in 1986. VonUrff expects costs to rise at about a 7% or 8% rate, citing the iffy economy for his relatively low forecast.

Other costs

The cost of producing radio commercials is relatively low. Joy Golden, a radio commercial writer and president of Joy Radio Inc., insists that a high quality radio commercial costs no more than $5,000 to produce, even in New York, including talent and studio time.

While low production costs are clearly a plus for the buyer of radio time, the low costs are not very attractive to agencies' creative departments, charge radio sales executives. "Most agencies make a profit like any other service industry, by marking up their labor," explains Jon Hirshberg, general sales manager at WEEI, Boston, an all-news station and client of CBS Spot Sales. "In the case of production, if I were given the choice of a 40% markup on a radio commercial vs. a 40% markup on a tv commercial, I think I know in which direction I'd go," he dryly notes.

McGavren Guild's Doyle concurs. "One suspects that the cost of production of other media influences the selection of radio in a negative fashion. Agencies, in the production of a tv commercial or a print layout, spend extraordinary amounts of money. Since they are paid on the creativity as well as the selection of media, there's a twofold benefit for them," Doyle concludes.

Adam Buckman
Marianne Paskowski

Chautin: *from page 52*

target a specific demographic. On an unwired basis, with very few phone calls, you can get almost a national look at what is happening, what the avail situation is. Rather than going market by market by market, and having many people involved, you can do it with one negotiator, and the appropriate people at the rep firm.

From a buyer/negotiator point of view, unwired networks have made radio easier to deal with. By making it easier, radio helps the client because we can use it more and more. We can do it quickly and get the targets we need. Throughout the years, the buyer's problem with radio was that it was very laborious. Unwired networks operate logistically as if you were making a network buy. You can get various unwired network proposals in very quickly with a lot of numbers and information. You can look at the country in a more organized fashion.

Research:

One problem in radio is the lack of qualitative data. If you have a major market that has 25 or 30 stations of which five are the format you are looking for in terms of reach and frequency, you really have to listen to airchecks and make some judgments about who you think is listening. Syndicated programing gives a station even more of a definitive personality.

On advantages:

The selective targeting aspect of radio makes it attractive for many advertisers. Commercial broadcast tv has become broader. If you buy a spot in *Wheel of Fortune*, and it does a big reach number in the market, you are getting everybody, which is okay. But if you have certain narrow parameters, you really can target people who are listening. I think that's always been a strong point for radio.

(Continued from page 62)

time. Prior to the most recent increase, the last time postal costs rose was four years ago when they shot up around 20%.

Magazines that qualify for non-profit status could be in for a 30% hike this year as subsidies for these publications are phased back. In the past, these publications had not paid any attributable costs (the actual cost of mailing) to the U.S. Postal Service. However, under a 16-year period which ends in two years, these non-profit magazines are having to absorb additional attributable costs each year as part of a closing out of these subsidies. The exact amount of next year's subsidy to non-profits is being argued out by Congress, with an agreement expected by the cut-off date of October 1.

Consumer Magazine Sources of Revenue

	Advertising	Subscriptions	Single Copy
1970	64.33%	27.91%	7.76
1977	55.47	29.59	14.94
1978	53.69	28.67	17.64
1979	52.22	30.41	17.37
1980	51.14	32.67	16.19
1981	51.08	33.30	15.62
1982	50.19	33.32	16.49
1983	49.87	33.70	16.43
1984	51.97	32.97	15.12
1985*	52.50	32.75	14.75

Source: James B. Kobak *estimate

The paper shortage which haunted publishers the last few years, and which caused prices to rise over 25% during 1983 and 1984, seems to have abated. Indeed, paper cost consultant Fred Ianaskis, with the American Paper Institute, forecasts that paper rates may even shrink. The reason? Imports have flooded the market to make up capacity shortages. "A number of producers have entered the market and they intend to stay whereas in the past, they came in when it was advantageous and then switched back to Europe," says Eric Edelmann, vice president with New York-based Strategic Futures, which studies the paper market.

Still, because imports have primarily added supply to the lower-cost, supercalendered stock whereas most consumer magazines use higher-quality coated groundwood, the firm projects that consumer magazines' pricetag for paper will continue to rise. Next year, Strategic Futures is forecasting that coated groundwood will cost an additional 7% to 9%. The following year should bring an increase in the range of 7% to 10% for that type of stock, it predicts. The pricing and availability of uncoated free-sheet paper, the most expensive type of paper — the kind many of the "beautiful home" books use — should see a softening, according to Strategic Futures. The remainder of this year should see these paper supplies inch forward 2% to 3% in prices, while next year the projection is for no more than a 10% rise.

Negotiated rates

Although magazine costs are lessening, advertisers are jumping the gun on publishers by trying to negotiate rates downward. This trend is leading some to predict that publishers will start to push up ad rates to defend their bottom lines, in recognition of their growing need to bargain.

"Negotiated rates are causing magazines to ask for 8% increases instead of 5% to recoup revenues losses," observes Scullin. "It was easy as pie to see that negotiating like crazy would lead to this. The last thing we want to see is a magazine suffering economic losses because of our need for alternatives in delivering a message." He calls for more price/value sensitivity in setting rates.

Chesebrough/Pond's Campion also cautions that bargaining techniques could boomerang. "In principle, I believe that negotiation could get way out of hand, literally driving magazines out of business," he worries. However, like any shrewd advertiser, Campion adds that "if magazines can still be competitive and negotiate the rates, then we are all for it."

Advertisers and agencies agree that the practice of negotiated rates has been pretty much contained to highly competitive categories such as the women's service books. They have also been limited primarily to discounts already written into the rate card such as volume discounts.

Another worry on the magazine horizon, however, is circulation erosion. Magazine publishers had been counting on newsstand buyers and subscribers for a greater chunk of revenues. The percentage of revenues derived

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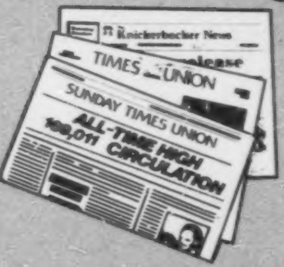

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Source: 1985 Simmons-Scarborough

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TIMES UNION
Mornings and Sunday
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from circulation has been inching up steadily in recent years until it accounted for half of total revenues last year. However, at that point, circulation revenues began to dip, slipping back to 1981's level of about 48%.

Indeed, several consumer magazines have resorted to giving away expensive premiums to shore up lagging circulation levels. Single-copy sales have declined from 83,817,099 in 1983 to 81,823,716 in 1984. However, subscriptions have increased by 10 million to 230,802,,075 subscribers.

Advertisers are annoyed with publishers' games of costly promotions to bolster circulation levels. "Circulation costs have increased substantially because of the greater use of direct mail and subsequent increase in postal costs," says Drexler. "We also have seen an acceleration in the use of premiums, which are quite expensive." Often, readers gained through such gimmicks, note media directors, raise the level of circulation artificially. These readers, they say, are of less benefit to an advertiser than the magazine's core audience.

Drexler points out that flat circulation, however, should cause out-of-pocket ad costs to stabilize. Ad price moderation will additionally keep CPM's in line, he reasons.

From an historical perspective, magazines' ability to transfer slightly more costs to readers through higher subscription and cover prices is a fairly recent development. Ken Noble, media analyst for PaineWebber, points out that during the 1960's, the magazine industry was losing money on circulation. Publishers tried to make up the difference by charging higher ad rates. Subsequently, magazines' share of the ad pie dropped. The lesson learned, publishers began their effort to get the consumer to shoulder more of the industry's operating costs.

Still, advertisers and their agencies are not satisfied that publishers are working hard enough to keep costs under control. "I think their absolute costs are increasing, but I don't believe the full extent of their rate increases can be justified," says Mike Drake, senior vice president, director media planning and information services at BBDO. "I've heard a million times about the cost of paper. I thought paper represented about 15% of their operating costs. Even if paper were to go up 15% or 20%, that's one thing. I mean that's 1.5% to 3% of the bottom line. So I wonder how much of this can be justified."

"I think I'm willing to live with justifiable cost increases, but in a lot of cases, the numbers are just being thrown out and they're expecting us to accept them," Drake notes. Drake also points to last year's blockbuster year as a reason advertiser rates increases should be lower this year. "Certainly their increase in revenues far exceeded their increase in operating cost. So I find it difficult to listen to their sad stories," he adds.

Rebecca Fannin

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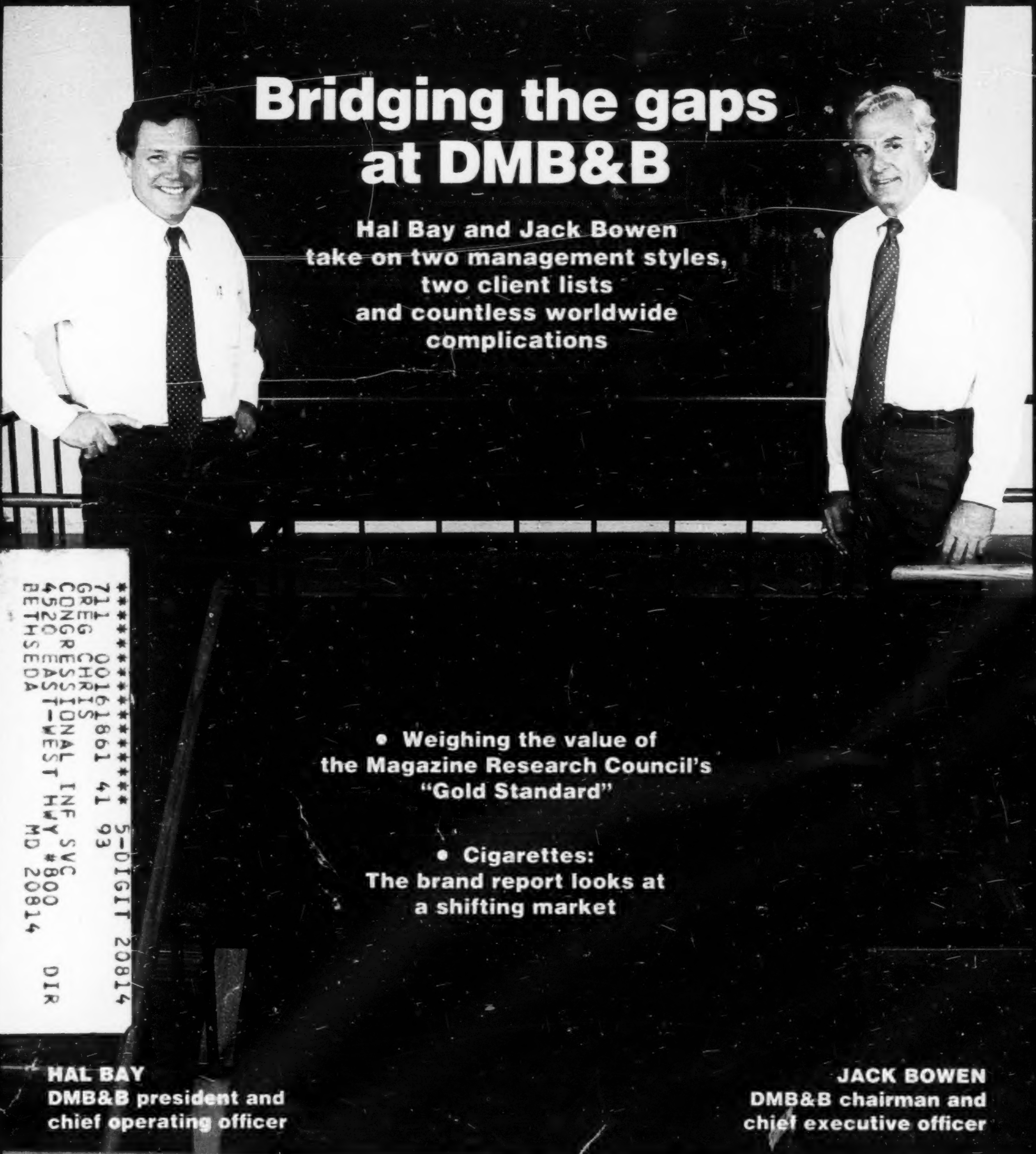

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and countless worldwide
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GREG CHRIS
CONGRESSIONAL INF SVC
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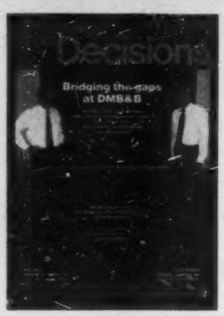
- Weighing the value of the Magazine Research Council's "Gold Standard"

- Cigarettes: The brand report looks at a shifting market

HAL BAY
DMB&B president and
chief operating officer

JACK BOWEN
DMB&B chairman and
chief executive officer



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Lawrence Barns

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FUTURES

More on the CD market

Compact disc fever will spread even faster than initially expected, says a study recently released by the *Newsweek*'s market research department.

Heralded as the invention that will revolutionize the way people listen to music, experts say it is also the one that will sound the death knell for the turntable and vinyl record. Even at current prices, which average in the $600 range, CD player sales are expected to double within a year. Some players have started to sell for as little as $300 and market watchers say if and when more brands are offered in that range, purchases could jump 400%-500% by mid-1986. Depending on the scope and effectiveness of manufacturers' marketing/advertising programs, CD player sales should total at least 800,000 and could come in at 1.8 million by then.

And marketing will be a key to the dominance of the CD world. The study found that "substantial opportunity for the education of consumers exists." Though Sony and Pioneer are the CD brands consumers are most aware of, 50% of those asked didn't recall a single brand name.

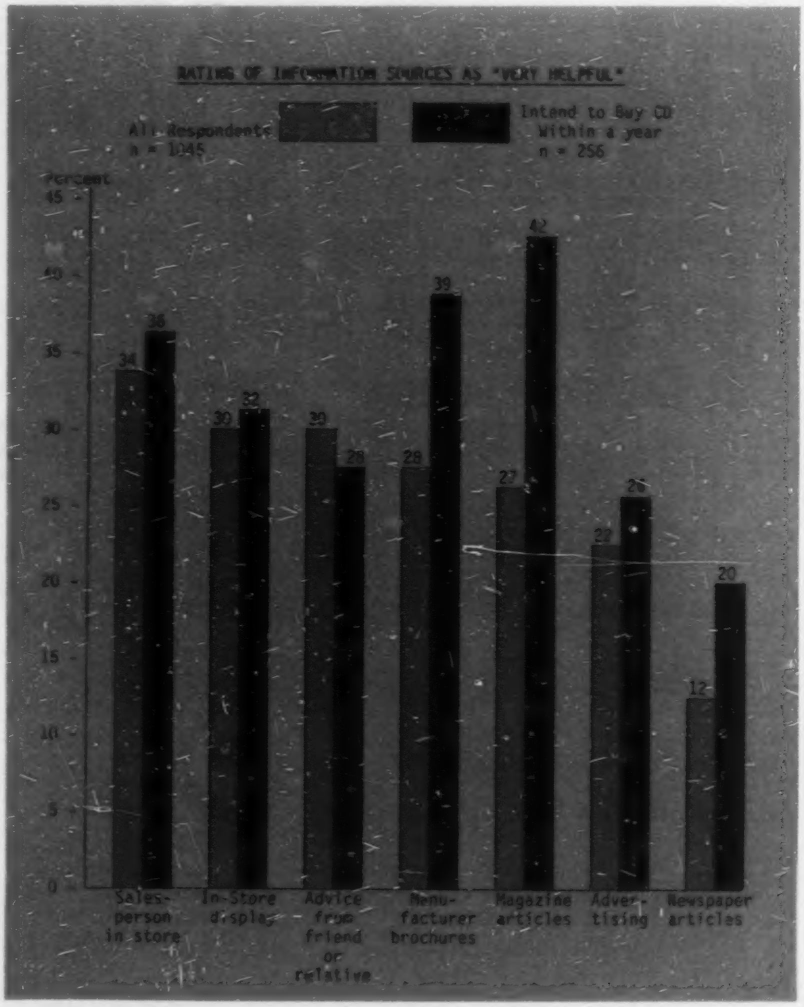
Of the study's respondents, 44% said general magazine advertising is the most helpful media source of information on stereo equipment. But, of those who said they intend to buy a player, 61% said that magazines — either in the form of articles or ads — were their major source of information about audio gadgetry.

The study also found that the first wave of CD buyers will most likely be better educated and more affluent, and have a penchant for owning state-of-the-art equipment. Other vital statistics of these audio pioneers: male, 21-34 years old, classical music buffs, residents of the Northeast and West.

Likely buyers said that sound quality and hardware durability would be important factors in their purchase decisions, maintenance and convenience would be secondary.

Next to price, the biggest hurdle CD makers may face in selling their players is the degree of satisfaction consumers already feel with their current systems, according to the research. The vast majority of the stereo owners questioned — 73% — said they are "highly satisfied" with their current systems; only 3% are dissatisfied. The upside of this, however, is that these folks won't let that satisfaction stop them: 57% said they intend to replace their stereo system or its main parts in the next five years.

For additional information on the compact disc market, as well as other areas of the home entertainment segment, see the brand report in the September issue of *Marketing & Media Decisions*.



HOMEWORK

Livable alternatives

The best U.S. metropolitan area to live in is Long Island's Nassau and Suffolk counties. This may be a surprise to Pittsburgh, which was cited by Rand McNally's Almanac as the No. 1 place to live, but *American Demographics* magazine says it's Long Island.

The magazine's rankings, compiled by geography professor, Robert Pierce, are based on what Americans want most in their community — jobs, affordable housing, and safe streets. Less important to them are culture and recreation. The Rand McNally rankings weighted all of these qualities equally.

Two clusters of metropolitan areas win in the Pierce rankings — those close to the New York metropolitan area and those in the Appalachians.

American Demographics vs. Rand McNally

These are the most livable and least livable metropolitan areas based on (in order of importance) economic growth, climate, crime rate, housing costs, education, health care, recreation, transportation, and the arts.

THE TOP 25	AD's "Pierce" rank	RM's "Places Rated" rank	THE BOTTOM 25	AD's "Pierce" rank	RM's "Places Rated" rank
Nassau-Suffolk, NY	1	6	Pine Bluff, AR	329	328
Raleigh-Durham, NC	2	3	Flint, MI	328	293
Norwalk, CT	3	9	Rockford, IL	327	321
Knoxville, TN	4	14	Yuba City, CA	326	329
Asheville, NC	5	36	Peoria, IL	325	291
Pittsburgh,PA	6	1	Benton Harbor, MI	324	324
Johnson City-Kingsport-Bristol, IN	7	45	Baton Rouge, LA	323	311
Charlottesville, VA	8	33	Janesville-Beloit, WI	322	307
Louisville, KY-IN	9	8	Casper, WY	321	322
Boston, MA	10	2	Racine, WI	320	283
Philadelphia, PA	11	5	Pueblo, CO	319	299
Bridgeport-Milford, CT	12	39	Albany, GA	318	325
Middlesex-Somerset-Hunterdon, NJ	13	29	Decatur, IL	317	309
Reading, PA	14	80	Dubuque, IA	316	305
Rochester, NY**	15	8	Modesto, CA	315	327
Salem-Gloucester, MA	16	56	Anderson, IN	314	320
Atlanta, GA	17	11	Dothan, AL	313	326
Danbury, CT	18	55	Sheboygan, WI	312	314
San Francisco, CA	19	4	Tuscaloosa, AL	313	286
New London-Norwich, CT	20	70	Provo-Orem, UT	310	246
Harrisburg-Lebanon-Carlisle, PA	21	22	Lawrence, KS	309	269
Scranton-Wilkes Barre, PA	22	64	Aurora-Elgin, IL	308	239
Wilmington, DE-NJ-MD	23	34	Mansfield, OH	307	313
Burlington, VT	24	18	Gadsden, AL	306	323
Stamford, CT	25	50	Anchorage, AK	305	242

***Ranking reflects corrections made to the climate data for Rochester, N.Y. in Places Rated.*

A sterling opportunity

Cadwell Davis Partners has discovered the importance of the stage of life between middle and old age — the extended middle years, or those between 60-75. President Frankie Cadwell revels in the marketing opportunities presented by this group, which is largely free of the responsibilities of middle age and the infirmities of old age.

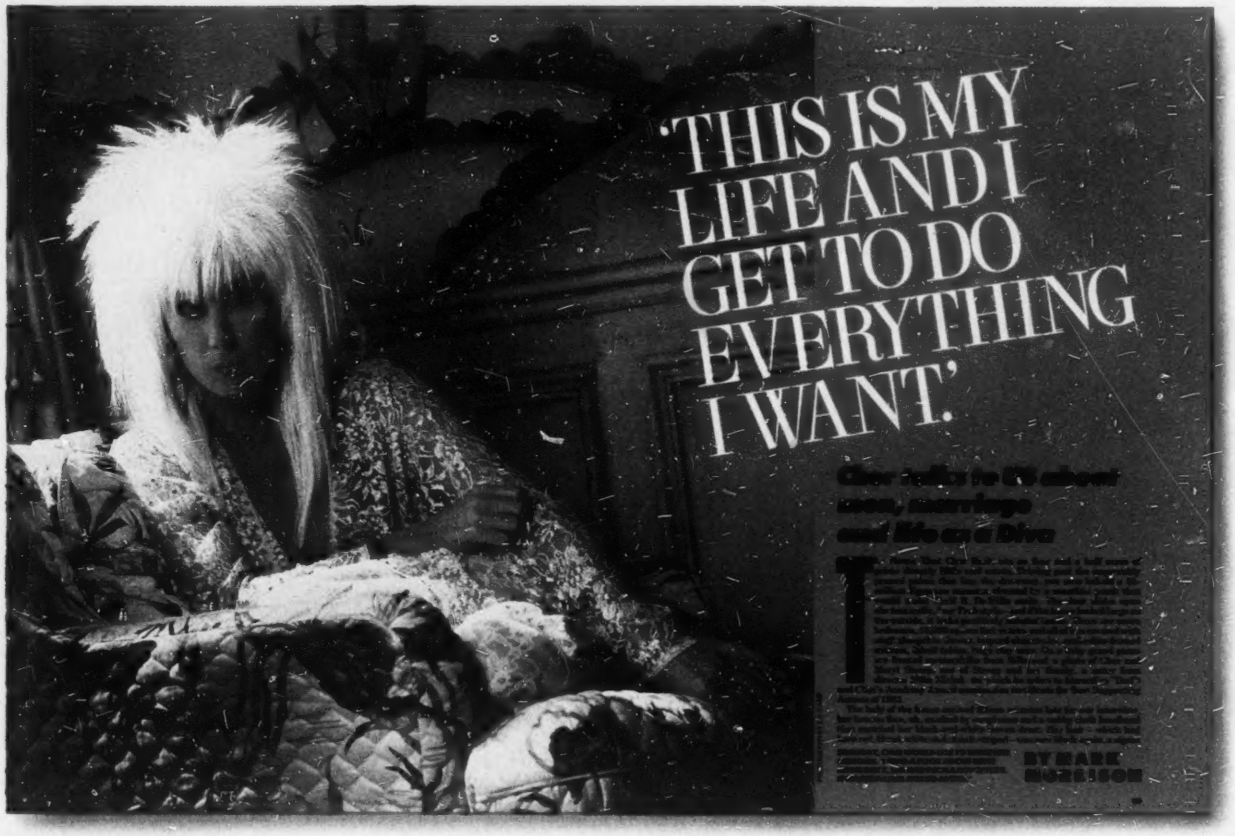
From a national probability sample of 1,000 adults, aged 18 plus, she finds that getting old begins well after the 70th birthday. The study also shows that as a person ages, his definition of getting old is pushed progressively later. About 40% of those people queried over age 60 say old is over 75.

This prolonged sense of youthful vitality, finds the advertising agency, is largely due to sustained good health. Only 17% of people over 65 are unable to carry on major activities as a result of ill health. Furthermore, 90% of people over 65 show no decline in mental powers. Good health and improved emotional and financial conditions have led to a resounding sense of optimism regarding life expectancy — about two-thirds of the population expect to live into their 70's.

"This category is a choice one for marketers because the focus of adults in their extended middle years turns naturally away from the family and towards themselves," says Cadwell.

Herm Davis, creative director and chairman of Cadwell Davis Partners, adds that this new segment requires discrete treatment in how products are positioned and packaged. "In a departure from the past, advertising of new products should not address age, health fears or long-term planning for the future," he advises. "Instead, copy points should focus on active lifestyles. Also, packaging should be designed to address the minor infirmities of this market, specifically impaired eyesight."

CHER IN US.



'THIS IS MY LIFE AND I GET TO DO EVERYTHING I WANT.'

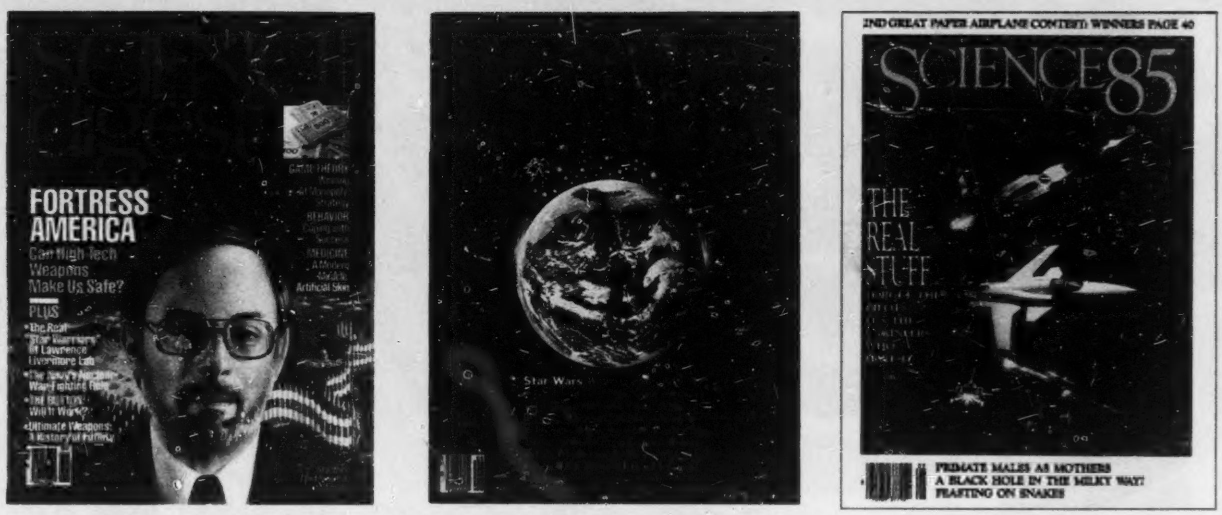
Cher talks to US about men, marriage and life as a Diva

BY MARK MORRISON

US magazine, July 1, 1985.

With more fun. More energy. More excitement. And more value. To find out more about the unique environment US can provide your advertising call Don Welsh at 212-818-9090.

SOMETHING'S COME OVER US.


FORTRESS AMERICA
Can High-Tech Weapons Make Us Safe?
PLUS
Star Wars
2ND GREAT PAPER AIRPLANE CONTEST: WINNERS PAGE 40
SCIENCE85
THE REAL STUFF
PRIMATE MALES AS MOTHERS
A BLACK HOLE IN THE MILKY WAY?
FEASTING ON SNAKES

The popular segment of the science field is redefining its goals.

future of popular science magazines on their reaction.

The new *Discover* has attracted enough new advertisers for publisher James B. Hayes to predict that gains made from the change will offset the losses experienced in the the first two-thirds of the year. But it remains to be seen whether the magazine can maintain this momentum, and the recent departure of *Science Digest* publisher Gerald C. Hotchkiss for the publisher's seat at *50 Plus* is viewed by some as one more danger sign for the shaky field.

Greeted with "Eureka!" by the ad community when they first appeared five years ago, the popular science magazines in the middle of the category — *Discover, Science Digest* and *Science 85* — have been struggling ever since to find their niche between hard science (*Spectrum* and *Scientific American*) and sci fi (*Omni*). Their circulations are strong, steady and upscale, but they have been a more expensive total-audience vehicle than demographic competitors and they lack a compelling overall reader profile. (Despite its title, Times-Mirror's *Popular Science* fits more snugly into the home mechanics category.)

Few, if any, ever forecast that the popular books would wind up in this black hole. When *Discover, Science Digest* and *Science 80* (now *Science 85*, from the American Association for the Advancement of Science) all launched about five years ago with sights set on a lay audience, hardly a question broke the fanfare in the media ranks. That overconfidence, publishers and analysts agree, lies at the heart of their troubles.

Not that the enthusiasm wasn't natural. By 1980, when agencies were forecasting for the decade ahead, the home audio market had swelled to almost 4 million units, home video was starting to bubble, and home computers were selling at the rate of about 2 million a year. Highbrow equipment was connecting so deeply with the current of American life that the popular science market seemed almost limitless. One fascination, publishers reasoned, would lead to another, and magazines that brought to Earth the wonder, meaning and mechanics of it all could only grow. At the time, *Discover*'s launch publisher Reginald K. Brack Jr. saw a target audience of 10-11 million households for popular science.

The very fact that Time Inc. and Hearst Magazines entered the market, says ex-*Science Digest* publisher

IEEE
SPECTRUM
★STAR WARS★
SDI: THE GRAND EXPERIMENT
OMNI
CHINA
FUTURE SHOCK
SCIENTIFIC AMERICAN
SOUND WAVES IN THE SUN
$2.50
September 1985

The technical and fantasy elements are confident right where they are.

Hotchkiss, was enough of a vote of confidence to send waves of enthusiasm down Madison Avenue. All for a theory. "The liquor and automotive and stereo and computer and consumer electronics people went bananas," remembers William R. Saunders, advertising director and associate publisher of *Spectrum*. "They just took it for granted that, 'Boy, we're going to get this great elite market of young, upwardly mobile people who are interested in science.' "

Since the popular arrivals were too new to qualify for syndication studies, recalls Tod Herbers, managing publisher of *Science 85*, agencies fit them into a market picture by looking at the successful *Scientific American* and sketching out a readers-per-copy (rpc) picture of the field. When syndication studies a year later showed rpc's that averaged about half the predictions, publishers encountered agency disaffection that has plagued them ever since.

"Evaluation in terms of total audience means that we look expensive, because we have lower rpc rates than magazines with lighter subject matter," says Herbers. While the 1984 Simmons study reports a 2.0 rpc for *Science 85* and *Discover* attracts an estimated 2.6 rpc, only *Omni* and *Science Digest* came close to *Scientific American*'s 4.0 score, at 3.7 rpc and 3.4 rpc, respectively. Taken together, the science magazines fall short of the high-profile newsweeklies, which, as one of their main competitors for ad business, boast rpc scores of 4.5 or better.

Not only that, says Hotchkiss, concentration on total audience "invited a television mentality of buying. Size and reach took the place of frequency and influencing a limited group of people who have the real power and influence over sales." In that mass-media climate, the approximately 3.5 million reach of the category — which some publishers feel is a comfortable niche — looks small.

To make matters worse, advertisers weren't getting the kind of segmentation pitch that draws eyes to a magazine's market position and small, powerful audience. "There simply wasn't much positioning being done at all at the time," says one publisher, who jokes that colleagues just plugged in the phones and the calls came in. "Publishers weren't going to correct exaggerations of their markets because they fed off them like crazy. They didn't make an effort to clarify the value of science magazines to advertisers. They didn't need to; they had publicity. The media hype, the media people, created the positioning."

Positioning is something the popular science books are scrambling to create — and they need it. As Kenneth Caffrey, senior vice president and executive director of media operations at Ogilvy & Mather, puts it, "The science magazines aren't what advertisers consider the more important magazines — the first or second category of titles that comes to mind." To Reg Ungberg, media group head at The Marschalk Co., the science magazines are a vehicle to "look at demographically with the whole laundry list of upscale magazines, after the newsweeklies."

Science ad pages and revenues, January-July 1985

	Ad Pages			Ad Revenues		
	1985	1984	% change	1985	1984	% change
Discover	221.30	258.44	– 14.4	$3,392,193	$6,196,663	– 45.3
Omni	401.19	424.49	– 5.5	8,556,850	8,085,202	+ 5.8
Science Digest	173.61	206.12	– 15.8	2,557,216	2,577,144	– 0.8
Science 85	181.08	207.16	– 12.6	3,273,193	3,724,393	– 12.1
Scientific American	317.77	437.51	– 27.4	7,579,780	9,112,777	– 16.8
Spectrum	679.25	643.17	+ 5.6	4,171,855	3,538,959	+ 17.9

Source: Publishers Information Bureau

One observer claims that publishers rode initial media hype, then found they had forgotten to position their magazines.

That doesn't surprise Herbers. Among other newsweekly advantages, he says, the weekly schedules are more conducive to late-breaking advertising in such volatile industries as computers, whose mass shakeout has been a costly blow to pages throughout the category. "It's tough to compete with the demographic editions in terms of merchandisability," he says. "Take computers. It's more impressive to tell chains which might carry your products that you ran in *Time*. The science magazines are too young to carry that weight."

But for Sylvia Voegele, national media manager at Toyota Motor Sales U.S.A., Inc., the science magazine question remains, "How do you differentiate?"

Media audience figures obscure the boundaries. The average *Scientific American* reader is 36.4, with a household income of $38,929. That compares to an average age of 37.9 and household income of $47,315 at *Spectrum*; an average age of 39 and household income of $33,437 for *Science 85*; an average age of 36.1 and household income of $31,562 at *Science Digest*; an average age of 34.3 and household income of $35,000 at *Discover*, and an average age of 29.5 and household income of $33,971 at *Omni*.

The answer might lie in the schism that's developing in CPM pricing as *Discover* looks to correct some past mistakes. *Science Digest* and *Science 85* are reluctant to follow Time Inc. and lower their pricing, despite the example of an inflated rpc projection that undermined *Discover*'s CPM.

Fed with confidence by the immediacy of science, the sensation of *Omni* and the sellout rate of its own *Time*

Continued on page 144

RITZ
RITZ
RITZ
YSL
YSL
THE FIRST LUXURY CLASS CIGARETTE CREATED BY YVES SAINT LAURENT

Reynolds puts on the Ritz, complete with its own YSL designer label . . .

BRAND REPORT 126:
Cigarettes

Cigarettes: at match point

Where there's smoke, there's fire, and these days, there seems to be a whole lot of gray, curling wisps swirling about the U.S. cigarette industry. Consumption is down, the tax and regulatory pressures are up, and the marketing outlook is murky. Facts piercing some of that glumness are that profit margins are still on the right side of lucrative; productivity gains are being made; and there are still some 60 million smokers out there lighting up. The challenge for the $28 billion industry (at retail) is to bring out new brands that will keep these smokers in the fold and at the same time serve to recruit new ones.

If you smoke
please try Carlton

. . . American Tobacco takes a minimalist approach with Carlton.

That's a tall order, caution cigarette industry executives. "There's not a lot of expansion left here," sighs Martin Orlowsky, senior vice president of marketing at second-ranked R.J. Reynolds Tobacco Co. Or, as another marketer puts it, "What you're looking at is a very saturated industry with very few marketing holes left. Our business grows by sneaking off with competitor's sales."

Consumption of cigarettes dropped for the third year in a row in 1984, down 1.1% from 1983's level of 593 billion cigarette units, according to the Tobacco Institute, a trade group. And that followed 1983's precipitous decline of 4.5%. Marketers say they expect overall consumption to stay flat or fall by about 1% a year in the foreseeable future.

In addition, consumers are switching brands less frequently, making it harder for the marketers of the 200+

Media Expenditure
Top 15 Cigarette Brands—1984

Rank	Brand	Company	Total	Consumer Magazines	Sunday Magazines	Outdoor	Newspapers
1	Marlboro	Philip Morris	$84,608.0	$39,756.0	$1,291.0	$14,233.0	29,326.0
2	Wintson	R.J. Reynolds	40,924.0	15,299.0	3,803.0	13,139.0	8,683.0
3	Salem	R.J. Reynolds	32,380.0	18,048.0	--	13,025.0	1,307.0
4	Kool[1]	Brown & Williamson	43,347.0	13,040.0	5,458.0	7,210.0	17,574.0
5	Benson & Hedges	Philip Morris	50,361.0	26,953.0	5,659.0	4,453.0	13,296.0
6	Camel	R.J. Reynolds	47,603.0	22,156.0	2,554.0	12,253.0	10,640.0
7	Merit	Philip Morris	64,210.0	32,475.0	5,053.0	7,873.0	18,809.0
8	Generics	Liggett & Myers	164.6	--	--	164.6	--
9	Pall Mall	American Tobacco	3,355.1	3,355.1	--	--	--
10	Vantage	R.J. Reynolds	61,368.0	35,597.0	6,609.0	1,408.0	17,754.0
11	Kent	Lorillard	20,154.3	11,342.3	282.3	2,927.3	5,602.3
12	Newport	Lorillard	20,122.2	9,694.9	--	9,183.2	1,244.1
13	Virginia Slims[2]	Philip Morris	30,613.0	18,245.0	1,953.0	6,160.0	4,127.0
14	Carlton	American Brands	23,026.0	12,622.6	--	8,825.8	1,577.6
15	More	R.J. Reynolds	36,730.0	20,326.0	2,982.0	2,771.0	10,651.0

[1] spent $65,000 on spot TV in 1984 to promote Kool Jazz Festival

[2] spent $128,000 on spot TV to promote tennis tournament

Source: Leading National Advertisers; Media Records

kinds of smokes on the market to steal share away from one another. A flurry of switching took place about 10 years ago with the advent of low tar smokes. Now, less than 10% of all smokers switch each year.

Also causing concern is the tax situation. The industry has learned to its chagrin that it is not price or recession-proof. 1983's big 4.5% drop in consumption occurred when the Federal government doubled its 8¢ excise tax to 16¢ per pack in January of that year. A number of states have also jumped on the taxation bandwagon, boosting tariffs from 2¢ to, in the case of Massachusetts and Connecticut, 26¢. Cigarettes now average about $1 a pack, but range from 79¢ in N. Carolina to about $1.25 in some states.

Congress was scheduled to roll back the tax to its previous 8¢ level; that action has been postponed. Even worse is the scuttlebutt that Congress, egged on by anti-smoking forces, may consider upping the Federal tax to 32¢ to help offset healthcare costs.

Anti-smoking activists are becoming bolder. "No Smoking" signs are showing up in public places with increasing frequency. San Francisco recently passed a law allowing workers to veto smoking in the workplace. This October, cigarette makers must put one of four new, much harsher warning labels on their packs. The labels which read, for example, "Smoking causes lung cancer, heart disease, emphysema and may complicate pregnancy," must be rotated every three months. Cigarette marketers say this quarterly printing charge will cost them $12 million a year.

But it's the threat of product liability lawsuits — 28 are currently in litigation — that hangs heaviest, despite the fact that the industry has won every one of the nearly 200 suits filed against it over the last 30 years. Last September, a Federal court judge ruled that tobacco companies could not use mandatory warning labels that appear on packs and in ads as a shield against prosecution in liability cases. Though the companies refuse to discuss the matter publically, privately, as one official says, "It makes us nervous." Analyst Gary Langbaum, at Northern Trust Co. says, "Logically speaking, I think they should win. But you have to ask, does logic have anything to do with it now?"

Whatever happens, Langbaum adds, he thinks the situation is "going to force the cigarette companies to change their imaging." R.J. Reynolds is trying to do just that with a string of print ads, first seen in 1984 with the head, "Can we have an open debate about smoking?" Other ads deal with related topics: public smoking, smoking and fire safety, and an ad telling kids not to take up the habit at all. The ads are designed to bring the industry some good will and put some civility back into the debate on smoking.

Yet not all the news is harsh. Cigarette profit margins are rising and are currently in the range of 20%-30%. This is due to several factors. Cigarettes are a relatively low-cost item with a high rate of repeat purchase. There is very little cyclicality to the business and little foreign competition. In addition, for all their complaining about the tax hike, cigarette makers are not averse to price hikes themselves, boosting them twice last year — 3%-4% each time. Another price increase is expected by January. And if Federal price supports on tobacco fall this year as expected, that would lower costs for cigarette companies.

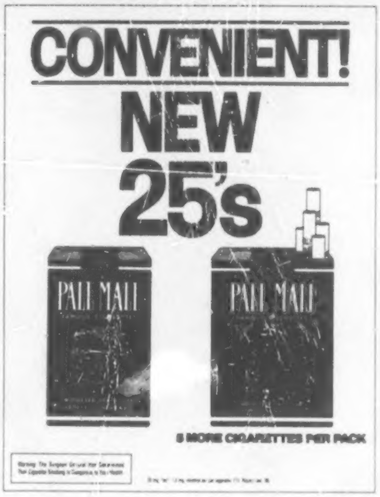
The big six marketers are also taking a fresh look at every aspect of their marketing efforts. The industry had been very slow to segment with new types of products. That changed in 1980 when Liggett & Myers Tobacco

Co., a unit of Grand Metropolitan PLC, introduced generic smokes (they sell for about 25¢ less a pack). Since then a rash of new brands — including more generics, branded smokes at generic prices, mid-priced cigarettes, 25-per-pack lines, and even a super-premium (now in test from RJR) — have come to life.

And if the industry was slow to segment, it was loathe to engage in price wars. Now price promotions, in the form of coupons, rebates and discounts of up to $2.50 per carton, are common.

The Federal Trade Commission reports that the industry spent $2.7 billion on advertising in 1983, quite a hefty jump from the $1.9 billion spent in 1982. Reynolds' Orlowsky suggests that with magazines targeting themselves to more upscale audiences, while recent studies show that the demographics of cigarette smokers are veering in the opposite direction, magazines might receive less in the way of cigarette ad dollars. "Cigarettes may not be as much of a given in the magazine medium as they are today," he cautions. Orlowsky, among others, points out that, with brand-switching declining, point of sale and price promotions are more essential than ever for promoting trial and simply moving cigarettes.

In 1982, cigarettes weighed in with more advertising dollars than any other industry. Cigarettes are now the third largest buyer of newspaper space, although they are down 6.9% from 1983 to $232.5 million. Cigarettes' sales decline is part of the reason for that, as is the slowing rate of new product introductions. But the industry's use of newspapers is still impressive and, says Hank Dain, vice president-national sales department of Newspaper Advertising Bureau, chances are it will stay that way for some time.



No. 9, even after a 20-year slide.

"The real strength of newspapers for an outfit like a cigarette company is the deeper penetration in a specific area you want to hit." Another reason for its popularity with cigarette marketers is the flexibility newspapers offer: "You can run several full pages at once or whack it up into half-pages or whatever. Magazines," he adds, "can give you four-color, but just a smattering of penetration compared to newspapers."

Most agree that promotions — point of sale, couponing and send-in offers — are getting more of the cigarette marketers' attention than ever. Orlowsky, among others, points out that, with brand-switching declining, point of sale and price promotions are more essential than ever for promoting trial.

Philip Morris

"R. J. Reynolds is the innovator, but Philip Morris is the maximizer," says Ronald Morrow, vice president of research at Smith, Barney, Harris Upham & Co. "They can take an idea and make the most out of it." The company, says Kidder, Peabody & Co. analyst Roy Burry, "just lays in the weeds and then something comes along, and they take business away. How? They spend more money."

But observers say that PM is also paying a lot of attention to developing new products of its own. According to Emanuel Goldman at Montgomery Securities, the company wants to move aggressively into areas it feels weak in: non-filter smokes (which make up only 6.2% of the industry now); reduced price brands; ultra-low tar; king-size menthol; 120's. He also says the company "is embarking on a concerted effort" to bring its shelf space up to par with its share of sales. Other PM watchers say it is weak in the menthol segment, not having a free-standing menthol brand of its own.

Philip Morris took the No. 1 market position away from R.J.R. in 1983 and hasn't looked back since. It ended 1984 with a 35.3% share, a rise of .9% from 1983 (market share numbers are estimates by John C. Maxwell, managing director of Laidlaw Ansbacher). No

Serving The Greater South Bend Area

South Bend Tribune

Test Marketing expert states:

"SOUTH BEND AMONG 8 CITIES RANKED THE MOST AVERAGE OF THE AVERAGE"

According to a leading ad agency's Senior Vice President, Media, "Some cities may have been overworked as test markets...and could have become jaded...and therefore display atypical reactions.

"And the census data show dramatic population changes in others.

"As a result," he continued, "we dropped 17 cities from our list of recommended test markets, added 18, and still name South Bend among the 8 cities we consider the 'most average of the average' — a sort of Middle America honor roll of test markets."

For the facts and figures that make South Bend the ideal test market for your product or service, write now or call for your copy of the *South Bend Tribune's 1985 Market Data book.*

Serving The Tribune Greater South Bend Area

Albert E. Petersohn, General Advertising Manager, South Bend Tribune, South Bend, Indiana 46626 • 219/233-6161 • Represented Nationally by Cresmer, Woodward, O'Mara & Ormsbee, Inc.

Every weekend, Seattle's two daily giants get together in The Seattle Times/Seattle Post-Intelligencer Sunday paper.

Nothing else stacks up like this Jumbo Combo.

It's one of the biggest Sunday papers in the West — and it covers 56% of the 13th biggest CMSA in the country. But the real news is, you can buy the Jumbo Combo for peanuts, with one low combination rate.

For more news about Sunday and the other six days of the week, contact your CWO&O representative.

SUNDAY

The Seattle Times/Seattle Post-Intelligencer

SUNDAY REACHES NEW HEIGHTS IN SEATTLE.

cigarette marketer has hit the 35% mark since American Brands did it in 1946. "The key to Philip Morris is **Marlboro** — so let's tell it like it is," declares Goldman. That means something, considering the company gets over 70% of its total profits from tobacco-oriented products.

After more than five years of being the best-selling brand in the country, Marlboro is still riding tall in the saddle. It roped in an impressive 21.5% market share in 1984, up 1.4% from the previous year.

Marlboro, originally a brand for women, completely changed its imagery in the early Fifties when the Leo Burnett Co. came up with the macho cowboy ads the brand has had ever since.

The image sells well in all types of packings. For instance, Marlboro Lights has become the No. 1 selling low tar brand (the FTC defines low tar as 15 mg. and below, and ultra-low tar as 6 mg.).

Also, the company recently introduced Marlboro 25's, jumping onto the 25-per-pack bandwagon. Some companies offer these as "value-added" packs, with 25 cigarettes for the price of 20. Others, like PM, charge 25% more per pack: They sell more smokes at the same unit price and enjoy wider margins due to lower unit costs.

Marlboro is the most heavily supported brand in the industry. PM backed it with $84.6 million in 1984, up from $70.6 in 1983, according to statistics from Leading National Advertisers and Media Records.

Benson & Hedges, the No. 5 ranked brand with a share of 4.9%, received a healthy boost in ad dollars for 1984, totaling $50.3 million — up from $41.1 million the year before. Benson & Hedges 100's are receiving renewed attention in a campaign from Wells, Rich, Greene. The ads, some of which run as two-page spreads, feature well-heeled couples that agree on their liking for the brand. And, tossing a little patriotism into the mix, the ads proclaim it's "America's favorite 100."

Merit saw its sales slip slightly between 1983 to 1984, demonstrating that perhaps the new, nautical-theme campaign launched in '83 wasn't giving it the hoped-for lift. PM has boosted monies for Merit for the last two years, most likely in response to somewhat lagging sales. The brand slipped from a 1982 share of 4.5% to 4.3% in 1984. The company spent $64.2 million to advertise it last year, according to LNA and Media Records. That's a jump from $41.3 million in 1983, landing the seventh-ranked brand heavily in magazines and newspapers.

Virginia Slims, capitalizing on an appeal amongst younger smokers, rose in sales slightly to catch a 2.7% share of the market. Though the company continues to promote the thirteenth-ranked, female-skewed brand through events like the Virginia Slims tennis tournament, it boiled down the 1983 ad budget of $31.9 million to $30.6 million in 1984. PM also tested Virginia Slims Ovals — yes, oval shaped cigarettes — but pulled it after receiving disappointing results.

Also, in June the company launched tests for a new low-tar brand, **Dunhill**. Hoping to cash in on the prestigious name, licensed from Alfred E. Dunhill Ltd. of London, the company describes it as a premium smoke at a regular price. And testing has also just begun on **Concord**. A first of its kind, Concord has an adjustable filter that, by changing the air flow, allows from 5-15 mg. tar to pass to the smoker. The company says research showed that smokers wanted different tastes at different times of the day, just as a coffee drinker might prefer regular brew during the day, de-caf in the afternoon and espresso after dinner.

Alive with pleasure!
Newport
Newport
After all, if smoking isn't a pleasure, why bother?

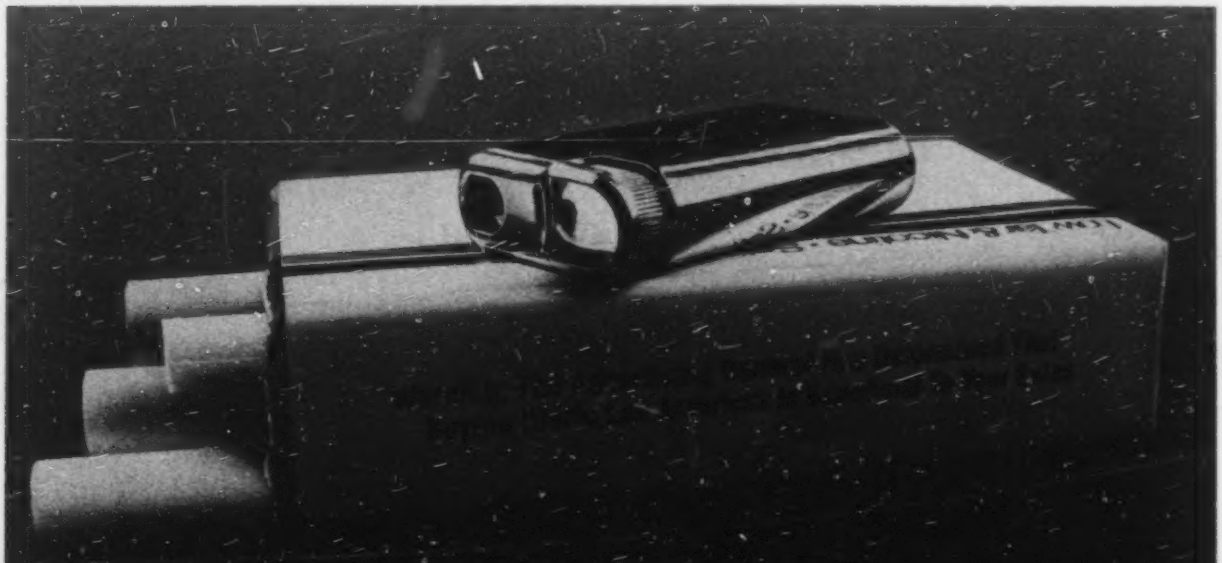
"*Pleasure*" *is for 21-24 year olds.*

R.J. Reynolds

RJR currently holds 31.6% of the total market. "A big part of RJR's strategy is trying to find new products," explains Marc Cohen, an analyst with Sanford C. Bernstein.

To that end, the company has introduced several new products. **Century** and **Doral** are different approaches to the off-price smoke idea. Debuted in 1983, Century falls into the "value-added" category, offering 25 cigarettes in a pack priced the same as a 20-size. It had a .7% share by the end of '84, and late this summer made its way to New York, one of the few places it hadn't been sold in yet. RJR's 1984 support for the brand totaled $29.9 million, $16 million of that going towards newspapers.

Doral is a brand that had slipped to a miniscule share but whose name people still recalled. In 1984 the company resurrected it and put it into the ring with generics as, essentially, a branded generic. Despite its minimal advertising support, Orlowsky predicts it will lay claim to a 1% share by the end of the year. Doral's slogan, "Try it for


For information on Diario Las Americas,
just mail your business card to 2900 N.W. 39th Street, Miami, Florida 33142.

Diario Las Américas

The Spanish-language Daily Newspaper • Founded July 4, 1953
Represented nationally by: Cresmer, Woodward, O'Mara & Ormsbee, Inc. (CWO&O)

SATISFYING TASTE
Salem

In an effort to jack up sales, Reynolds gives Salem its stripes.

the price, you'll smoke it for the flavor," appears in point-of-sale ads, the only advertising the brand receives.

Sterling, a premium smoke competing with PM's Players, was introduced last year with an impressive $51.7 million budget. "It certainly didn't meet our expectations," comments Orlowsky, pointing to its mere .4% share. "But it's not a complete failure," he says, adding that the company is repackaging it to make clearer the difference between the menthol and regular varieties. Orlowsky adds that, perhaps more importantly, the change will hopefully "make it less upscale. We think it might have been a little too intimidating, too targeted."

The pack changes are accompanied by a campaign change. The "It's only a cigarette like . . . (a Porsche is only a car, etc.)" is giving way to "Reach for the exceptional: Sterling," featuring sports-oriented action shots. And its experience with Sterling notwithstanding, RJR is test marketing another premium cigarette, this one targeted to upscale women. **Ritz**, marketed as the first designer cigarette, will carry the slogan, "The first luxury class cigarette to be created by Yves Saint Laurent," and features a big YSL on the pack. The brand is testing in four markets, two at regular price, two at premium.

For the company's main brands, Orlowsky says the company is putting more money behind both event-oriented promotions and pricing promotions. **Winston**, the No. 2 brand in the industry with a 11.7% market share, is supported with promotions such as the Winston Cup auto race and the Winston Rodeo. Its sales have slipped nearly 3% over the last five years, something analysts blame on wishy-washy positioning. Winston received nearly $49 million in ad support in 1983, but expenditures fell to nearly $41 million in 1984. The brand, which is targeted to a male-skewed audience 21-40 years old, has been with the "America's Best" slogan for two years. Magazine ads appear in such books as *Playboy*, *Sports Afield*, *Popular Mechanics* and *Time*.

Salem, the third best-selling brand with a 8.1% share, dumped the "Salem Country" campaign in favor of the more comradery-oriented "Salem Spirit" slogan. The brand, which has slipped 2.6% over the last five years, should appear soon in a newly designed, diagonally striped box, with ads appearing in national books. Salem ad expenditures fell $32.3 million last year from a 1983 total of $44.2 million.

Camel's more macho image, observers say, is a deliberate attempt to ride Marlboro's manly coattails to a bigger market share. Orlowsky doesn't deny this, saying, "Obviously one of the reasons for its [Marlboro's] growth is its well-defined position." Camel's share, at 2.6% for 1984, has grown .6% over the last five years and is ranked sixth in the market. Reynolds hiked spending on Camel from $39.6 in 1983 to $47.6 in 1984. Its magazine ads landed in male-oriented *Esquire*, *Car and Driver*, *Sports Illustrated*, as well as more general audience *People*, *Time* and *Newsweek*. The company also promotes the brand through the Camel Pro and GT auto races.

Vantage's sales slipped 5.5% from '83 to'84, Maxwell reports. Its market share now stands at 3.5%. According to Orlowsky, the low tar brand's "uniqueness has become less apparent to the world." It marched out a new slogan in spring of 1983: "Performance counts," and saw its ad expenditures rise from a 1983 level of $42.4 million to $61.3 million last year. The tenth-ranked brand spends heavily on magazines, running ads in general and female audience books, as well as on newspapers (a $17.7 million piece of the budget).

GET READY FOR MORE LIGHTS 100s!
Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health.

A cigarette of a different color? RJR thinks beige will appeal to women.

Fifteenth-ranked **More**'s ads state "It's new, it's beige." Two new introductions into its brand family are 120's (with the "Dare to be More" slogan) and Lights 100 ("Get ready for More"). Does the targeted female market really care about the color of its cigarette? Orlowsky thinks so: "Some think it looks like a small cigar, some think it offers adventure, some think it looks fashionable — it's different." Despite the extensions, More's budget was cut to $36.7 million from an '83 level of $41.4 million.

Brown & Williamson

While **Kool**, the flagship brand for the American division of BAT Industries PLC of London, has continued to sag, Brown & Williamson's generic business has received a shot in the arm. Generic Products Co. served notice on a contract it had with generic pioneer Liggett & Myers and moved in with B&W. GPC had been responsible for distributing what some guess was a 40% chunk of L&M's generic business. Analysts say that the switch, which means that supplies of "GPC approved" cigarettes — the largest category of unbranded smokes in the U.S. — will now come from Brown & Williamson, could mean a boost of 10% to B&W's total sales.

Sales of the value-added category — the combination of generics, branded generics and some 25 packs — account for 5.5% of the market, according to Maxwell's figures.

Executive vice president Richard A. Blott expects B&W's overall market share to lift from its 1984 share of 11.3% to nearly 12% by the end of this year. Chances are that won't be on the strength of **Kool**, which has dropped 7.7% over the last five years and holds a current market share of 7%. Kool's current campaign, new from Doyle Dane Bernbach, features Darth Vader-like motorcycle riders and, explains Blott, "Speaks to freedom, to adventure, to masculinity."

The budget for the brand, which Blott says "legitimized menthols for men," fell to $43.3 million for 1984 from $46.9 million the year before. The brand's familiar "Come up to Kool" slogan, first used in the '960's, has been put back into service. Ads appear in a wide range of books: *TV Guide, People, Rolling Stone, Hot Rod, Playboy, Ebony* and *Jet* are a sampling. Kool shows heavy placement in newspapers, getting a $17.3 million chunk of the '84 budget.

For smokers who prefer the convenience of five more cigarettes per pack.
Marlboro 25's
Marlboro Lights 25's
Marlboro 25's

It's still Marlboro's market.

New this year from B&W, and another first-of-its-kind smoke, is **Coins** — a discount brand that will sell only in vending machines.

If you have a message for people who travel, Home & Away will deliver it.

HOME & AWAY
AAA

Home & Away Magazine delivers your important travel messages to over 1,400,000 loyal AAA subscribers in nine mid-American states, and an astounding 70.4% tell us they never miss an issue.

Of our 1.4 million, 39.4% travelled on a commercial airliner during the past 12 months. An impressive 22.3% of our households have one or more valid passports.

And why is it these globe-trotting H&A subscribers have the time and money to travel? A remarkable 75.7% no longer have children living at home. This means more discretionary income to spend on luxuries.

When you need a cost-efficient buy in a travel magazine, and you can't afford to waste circulation, test your ads with us, We deliver!

Ask your agency about us.

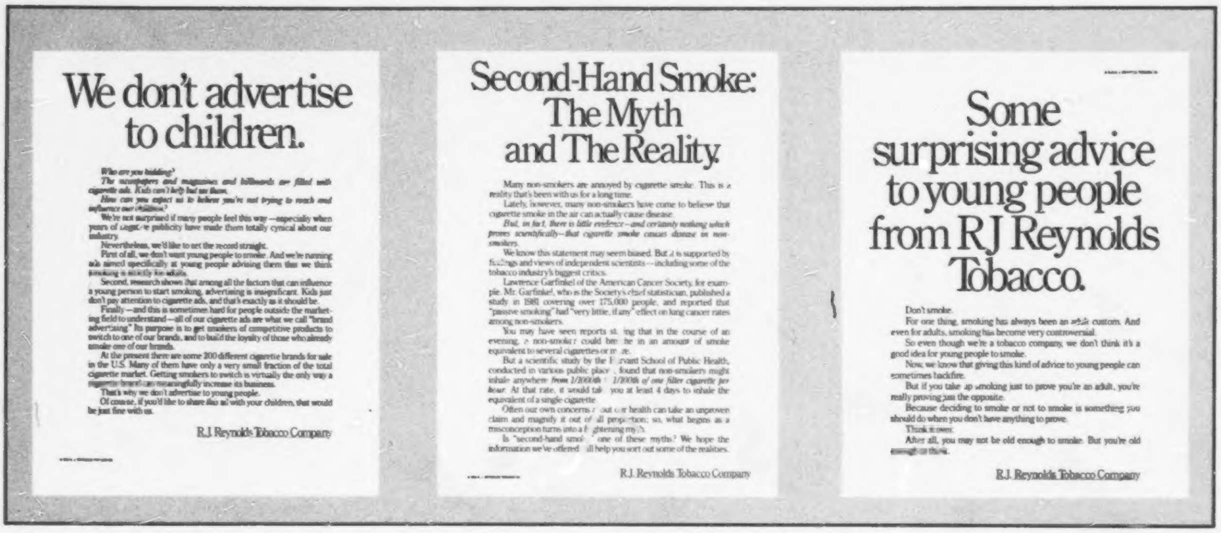
NYC - Robert Bernbach & Associates (212) 696-4650
CHICAGO - Robert A. Rose & Associates (312) 558-1196
LA - Joleen Parham Associates ([illegible]4) 556-0832
MIAMI - The Ohmeis Company ([illegible]6) 391-8570
LOUISVILLE, KY - Dick Carlin ([illegible]02) 425-5337
MINNEAPOLIS - Lou Reeve (612) 890-2500
CANADA - Multi-Midia Sales (416) 782-0320
National Advertising Director - J.D. Ayres (402) 390-1000

Source: Home & Away Subscriber Survey/March 1985
Mark Clements Research Inc./New York

Lorillard

Fourth-ranked Lorillard, with an industry share of 8.2% in 1984 — a drop from 1983's 9.1% share — is concentrating on its established brands. The company, a division of Loews Theatres, in general "will put more funding into promotion and in-store displays than in the past," according to George Telford, group brand manager of Newport. "The balance between media and promotion is shifting."

Monty Kiernan, senior brand manager for **Kent**, says his female targeted brand especially has trouble. "It's tough when you go into women's service books," known for their heavy proportion of cigarette ads, "and you see 13 to 20 cigarette ads, and here you're trying to establish an image for your brand."



We don't advertise to children.

Who are you kidding?

The newspapers and magazines and billboards are filled with cigarette ads. Kids can't help but see them.

How can you expect us to believe you're not trying to reach and influence our children?

We're not surprised if many people feel this way—especially when years of negative publicity have made them totally cynical about our industry.

Nevertheless, we'd like to set the record straight.

First of all, we don't want young people to smoke. And we're running ads aimed specifically at young people advising them that we think smoking is strictly for adults.

Second, research shows that among all the factors that can influence a young person to start smoking, advertising is insignificant. Kids just don't pay attention to cigarette ads, and that's exactly as it should be.

Finally—and this is sometimes hard for people outside the marketing field to understand—all of our cigarette ads are what we call "brand advertising." Its purpose is to get smokers of competitive products to switch to one of our brands, and to build the loyalty of those who already smoke one of our brands.

At the present there are some 200 different cigarette brands for sale in the U.S. Many of them have only a very small fraction of the total cigarette market. Getting smokers to switch is virtually the only way a cigarette brand can meaningfully increase its business.

That's why we don't advertise to young people.

Of course, if you'd like to share this ad with your children, that would be just fine with us.

R.J. Reynolds Tobacco Company

Second-Hand Smoke: The Myth and The Reality.

Many non-smokers are annoyed by cigarette smoke. This is a reality that's been with us for a long time.

Lately, however, many non-smokers have come to believe that cigarette smoke in the air can actually cause disease.

But, in fact, there is little evidence—and certainly nothing which proves scientifically—that cigarette smoke causes disease in non-smokers.

We know this statement may seem biased. But it is supported by findings and views of independent scientists—including some of the tobacco industry's biggest critics.

Lawrence Garfinkel of the American Cancer Society, for example. Mr. Garfinkel, who is the Society's chief statistician, published a study in 1981 covering over 175,000 people, and reported that "passive smoking" had "very little, if any" effect on lung cancer rates among non-smokers.

You may have seen reports stating that in the course of an evening, a non-smoker could breathe in an amount of smoke equivalent to several cigarettes or more.

But a scientific study by the Harvard School of Public Health, conducted in various public places, found that non-smokers might inhale anywhere *from 1/1000th to 1/100th of one filter cigarette per hour.* At that rate, it would take you at least 4 days to inhale the equivalent of a single cigarette.

Often our own concerns about our health can take an unproven claim and magnify it out of all proportion; so, what begins as a misconception turns into a frightening myth.

Is "second-hand smoke" one of these myths? We hope the information we've offered will help you sort out some of the realities.

R.J. Reynolds Tobacco Company

Some surprising advice to young people from RJ Reynolds Tobacco.

Don't smoke.

For one thing, smoking has always been an adult custom. And even for adults, smoking has become very controversial.

So even though we're a tobacco company, we don't think it's a good idea for young people to smoke.

Now, we know that giving this kind of advice to young people can sometimes backfire.

But if you take up smoking just to prove you're an adult, you're really proving just the opposite.

Because deciding to smoke or not to smoke is something you should do when you don't have anything to prove.

Think it over.

After all, you may not be old enough to smoke. But you're old enough to think.

R.J. Reynolds Tobacco Company

Kent, which ranks 11 on the top 15 list, has dropped from a 1980 share of 5.1% to an 1984 share of 3.2%. Kiernan says the major portion of Kent's franchise is 50+ years old. That's an age group, says Kiernan, that is more price sensitive than others and, hence, more susceptible to a generic siren song. The brand is being pitched to a younger female audience, as the muscular male in its latest series of ads attests to, and in 1984 received about $20.1 million in support. In addition to women's books, Kent appears in general audience books like *TV Guide*, the *National Enquirer* and *The Star*, and Sunday magazines.

Newport's story is a much happier one. The No. 12-ranked brand has grown a remarkable 13% over the past five years, now commanding a 3% market share. "Newport is the exact opposite of Kent: We're a young person's brand," says Telford, citing men and women 21-24 years old as the target of 10-year-old "Alive With Pleasure" campaign. The brand, which he describes as "the menthol Marlboro," is also very popular in the Hispanic market. Expenditures on Newport totaled $20.1 million in 1984, a jump from '83's total of 13.4 million, according to Leading National Advertisers and Media Records.

American Tobacco Company

"It seems like their brands do lousy, but it's an unbelievable cash machine," confides one analyst, referring to American Tobacco. "**Pall Mall**'s slipped for 20 years, but it's still doing well enough." Indeed, Pall Mall, even after an 8% drop over the last five years, is still the ninth-ranked brand with a 3.8% share of the market. The brand, which held the No. 1 spot in the 1960's, has been on the slide largely because non-filter smokes have plunged in popularity. Non-filter cigarettes now make up a mere 6.2% of total market sales. Non-filter smokes accounted for 46.3% of AMB's sales in 1984 compared with less than 10% for the other five companies. AMB scaled back spending on the brand, whose franchise tends to be older men, spending under $5 million last year on Pall Mall Lights (filtered cigarettes).

Carlton's budget has also been trimmed. The No. 14 brand which had a 1.9% market share is skewed to women. Carlton received $15.8 million in ad monies last year, a cut from 1983's total of $17.4 million. Despite the paring, Carlton ads still appear in a wide range of books: *U.S. News*, *Sports Illustrated*, *Better Homes and Gardens* and *Bon Appetit*, for example.

Liggett & Myers

Approximately 80% of Liggett & Myers (5.7% market share) business comes from its sales of **generic** cigarettes, a market they have dominated with a roughly 90% share. Industry watchers say the growth of generics has peaked due to the better economic climate and the growth of "value packs." Harold Grant, vice president of sales and marketing for L&M, still predicts that the category will grow to a 10% share over the next 4-5 years.

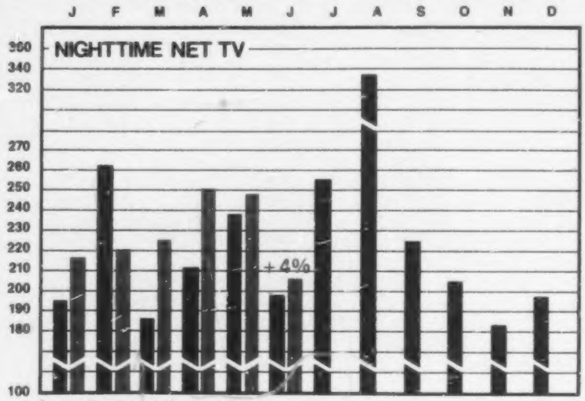
Grant says that while 75% of their generics have been "black and whites," or store-brand packages, the company plans to change that and upgrade some packs. "I think there is a segment of consumers who are willing to trade off, but they want that little extra of better looking packaging."

The future of Liggett is uncertain. It's parent, Grand Metropolitan PLC, would like to sell. L&M executives attempted a leveraged buyout last year, but backed out when generics' popularity fell off. Grant, maintains, however, that a management group is "still interested in doing something in relation to buying the company."

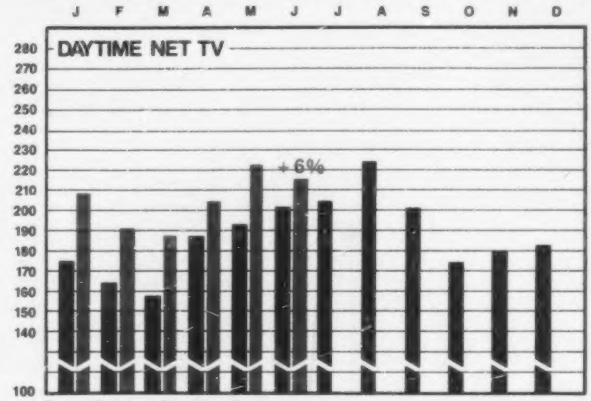
Carol Hall

MEDIA COST INDEX

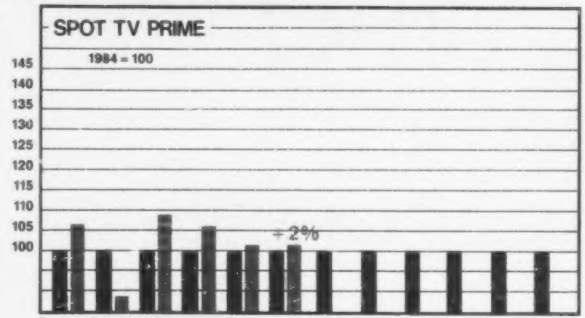
Black bars index for 1984; color bars 1985; base year 1977



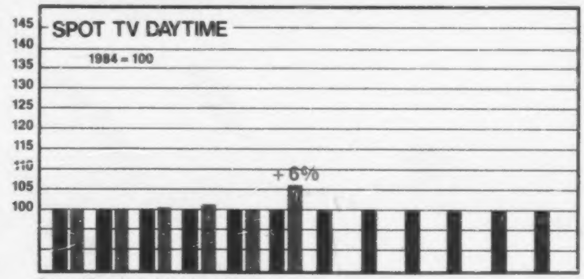
Source: Broadcast Advertisers Reports



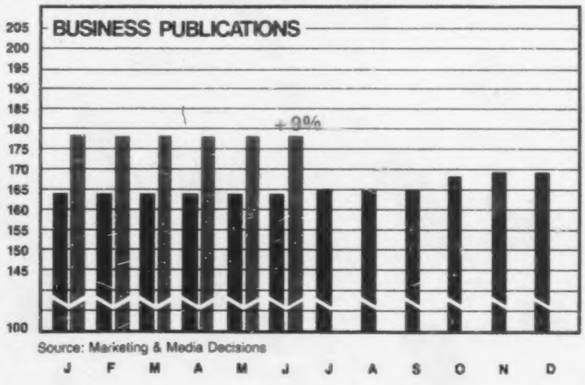
Source: Broadcast Advertisers Reports



Source: Broadcast Advertisers Reports



Source: Broadcast Advertisers Reports



Source: Marketing & Media Decisions

Except for daytime television, Decision's Monthly Cost Index for June showed few changes from May.

Daytime network tv continued its sleigh ride in rate increases this year, bringing them up by 6% in June, after a 15% rise in May. This follows an 8% increase April, and double-digit increases in January through March. All of this was in the same pattern of rate increases through June of 1984. **Nighttime network tv** saw its second straight month with a 4% increase.

This month marks a return of the **spot tv** rates. Prime time spot tv saw an increase of 2% in June, following rises of 2% in May and 6% in April. Daytime spot tv took its biggest leap of the year, +6%, after no rise in May, and one of only 2% in April.

Newspaper rate data for June showed slightly lower increase at 7%, as opposed to April and May at 8%.

Elsewhere in print, **Consumer magazines** continued to hold at the +8% level they have held since February. **Business publications** were steady, at +9% for the third straight month. It was another consistent quarter for business magazines, as based on the SRDS reports of a four-color page in 48 publications. They were at +8% throughout the first quarter of 1985.

National Sunday magazines were up by 11% for the fourth consecutive month. In September though, there may be some significant changes in data, with *USA Weekend*'s replacement of *Family Weekly*.

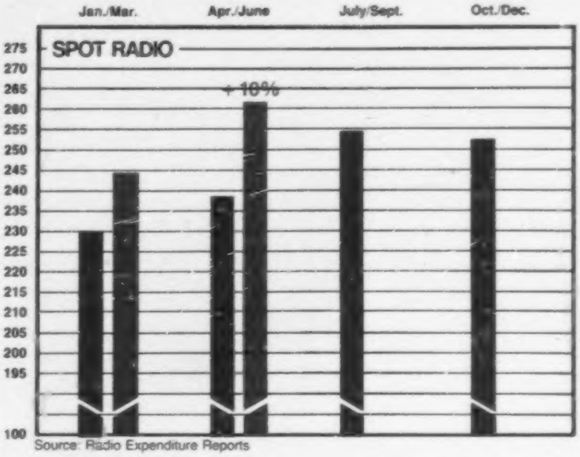
Outdoor rates were the steadiest of all, holding at the 7% increase that they have been at all year.

Network radio continues to be compiled this year on a new basis. Broadcast Advertisers Reports' (BAR) calculations now include 15 networks, as opposed to the seven that used to be monitored. The trend continues to be up: with January indexed at 100, April was 119, May was 120, and June was 122.

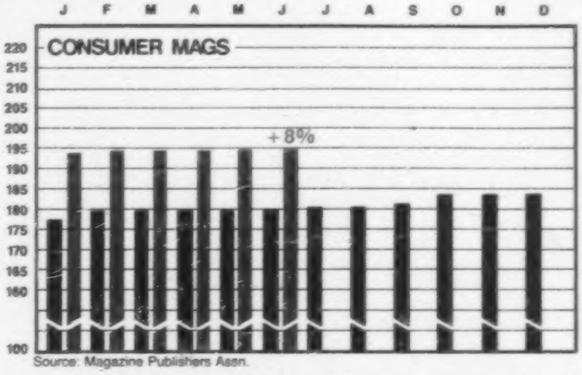
Spot radio is compiled on a quarterly basis. June completes the second quarter, with an increase of 10%.

MEDIA COST INDEX (continued)

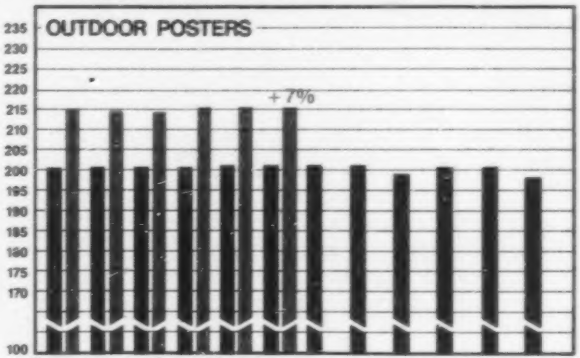
Black bars index for 1984; color bars 1985; base year 1977



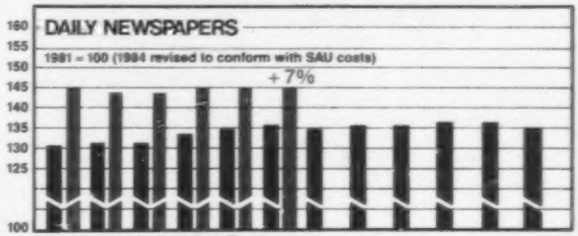
Source: Radio Expenditure Reports



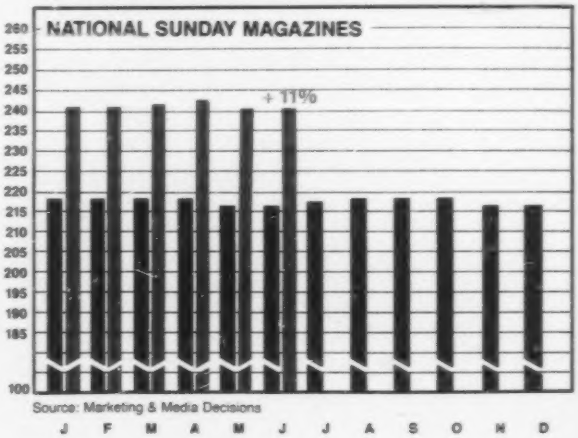
Source: Magazine Publishers Assn.



Source: Institute of Outdoor Advertising



Source: Newspaper Advertising Bureau



Source: Marketing & Media Decisions

The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

Sources:

Nighttime Network TV — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio — Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

SCIENCE BOOKS: *Continued from page 57.*

issues with science covers, Time Inc. had sent its baby out after a familiar market — young, upwardly mobile professionals whose college education left a taste for science — backed by what seemed reasonable claims of 4.0 rpc. Its CPM at launch was $25.35, as compared to $24.00 for *Science Digest* and $18.00 for *Science 80*.

Discover's first publisher, Reg Brack, attests that "the circulation grew too fast and outstripped any projection we had." But *Discover* readers passed along the magazine less than expected; it registered slightly more than half the 4.0 rpc. A new business plan was devised last year to more accurately reflect the real world. *Discover* trimmed the 935,000 rate base to 850,000, cut page rates by 36%, lowered CPM by 30%, and then charged subscribers an extra $2 and street buyers an extra 50 cents to fill some of the gap. Still the leader in circulation, *Discover* now has a CPM of $18.71, as compared to $27.29 for *Science 85* and $31.58 for *Science Digest*.

But all the right numbers, observers are quick to point out, won't win over a planner who can't identify with the product. "Say *Sports Illustrated* to a media planner," sighs *SI* veteran Harry C. Rubicam, *Discover*'s current promotion director, "and even if he doesn't read it, he has an idea that these are active people, probably male, who drink, smoke, go to ball games, buy lots of cars and so on. The science books don't have any quick image or natural category. It's hard to link an interest in science with any particular lifestyle, except for a negative: a loner who's studious."

Time Inc. sent in *Sports Illustrated* veterans to put wit on the pages and more men on the reader lists of *Discover*.

Ogilvy & Mather's Caffrey couldn't agree more. "The science magazines have an ill-defined reader base," he says. "They're relatively expensive, their audiences are relatively young — a kind of eclectic group of readers who don't fit into the normal demographic profiles agencies tend to draw."

To more clearly define their readership, *Science Digest* and *Discover* are concentrating on men. They certainly have the base to do it, thinks *Science Digest*'s departed Hotchkiss, who oversaw that magazine's repositioning effort a year ago. *Science Digest* talks to 66.7% men, *Discover* to 61.4% men.

For years, says Woody Katsoff, just promoted from associate publisher/advertising director to publisher, *Science Digest* editors "wrote and published what they thought would interest people" — a mix of hard and soft sciences whose appeal crossed sex lines. A year ago, with Hotchkiss at the helm, the magazine took a cue from subscriber questionnaire responses and channeled its energies toward more down-to-earth hard sciences copy and a strong pitch to core advertisers with technological orientations.

To stir those advertisers, the magazine started a series of special reports through December 1985 that focus on their fields: computers and software, home electronics and the car's future, to name a few. The copy is "trying to take the esoteric and make it not just popular, but relevant and useful, so the individual can use it in a controlled way," says Katsoff.

That user-orientation echoes the pitch of *Popular Mechanics*, which, along with *Sports Afield*, is part of a Man Power frequency discount package Hearst hopes can support a male-oriented *Science Digest*. While it has established a separate Man Power department and asked the magazines to push the male package more, the company has directed most of its promotion dollars to ad campaigns for the ad/marketing trade press, something Katsoff notes Hearst management has traditionally shunned in favor of sales promotions with more tangible results. "The Young Pro's" campaign puts its male message in color, while a forthcoming campaign for Man Power will run in black and white.

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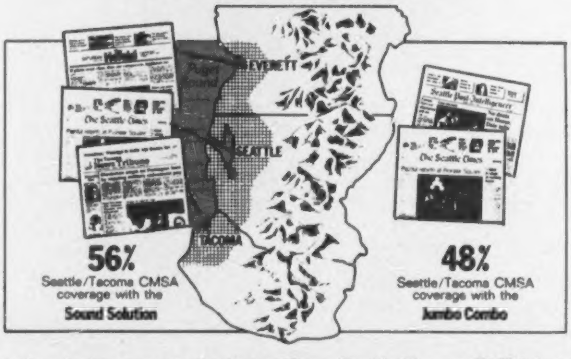
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Hearst's break from tradition is understandable. Although Man Power attracted a few new advertisers, and higher rates brought in 4.2% greater revenues for the first six months of this year, the magazine dropped 13% in ad pages during this period.

The battle spirit and expertise for such a rescue mission, says one industry observer, ran higher at Time Inc., where positioning crises are familiar problems. With rumors of a sellout, sparked by its huge rate cuts, moving through the media world, Time Inc. sent in the sports pros: Jim Hayes, a former *Sports Illustrated* advertising sales manager and 22-year *SI* vet, as publisher; *SI*'s veteran managing editor Gil Rogin as managing editor; and once-*SI* promotion director Harry Rubicam to head *Discover*'s promo efforts. Rogin went to work on the copy, while Hayes made the rates competitive and replaced a tv sales effort that attracted unwanted downscale subscribers with more direct mail aimed at professionals. The rest was full-page news: an 11-part "September Commitment" saga augmented by four-color spreads in trade magazines, and an aggressive risk-free program that offers space credits in other Time Inc. publications for advertisers who run in each of the first four revamped issues and aren't satisfied with the results.

"Business was going south — FAST — for us, and for the entire category," notes *Discover*'s Hayes. "The category has generated so much bad publicity and it has been on the defensive the last couple of years. We had to get people to take a look at our inherent media value. That make–good offer was a promotional gamble designed to do that."

According to Hayes, the "September Commitment" has committed six new national advertisers after the September issue drew 44 pages, a 23% jump over 1984. After the best October since its launch issue and the best November in its history, Hayes predicts the magazine, down 23% from 1984 as late as May, will be even in pages by December. Hayes claims no advertiser has taken Time Inc. up on its make–good offer, but it's too early to tell; the offer, after all, runs through December.

"Business was going south and the category was on the defensive. We had to get people to look at our value."

JAMES B. HAYES
publisher,
Discover

Although Hayes would like to believe the magazine's dedication to "personal relevance" says something meaningful to advertisers, analysts find it vague. And since science readers are used to menu approach, thinks Ogilvy & Mather's Caffrey, *Discover*'s new one-topic editorial concentration could hurt its subscriber base.

Science 85 is taking new tactics to sell the same professional/managerial audience. "We're trying to get advertisers to look beyond the numbers," says managing publisher Herbers. "Two readers with the same characteristics aren't necessarily the same. Take two professional readers with $35,000-plus incomes, and one reads *Science 85* and the other reads *Esquire*, and you can bet they have different views of the world. It's hard for us to quantify that for advertisers."

To strengthen its credibility with professionals, *Science 85* plans to spread upwards of 100,000 copies of each 1986 issue around waiting rooms in high-tech companies. To promote its in-home readership, build market presence and boost newsstand sales, the magazine is running tv ads for November, December and January issues in eight to ten major markets, as well as small fraction-page ads in *The New York Times*. Even so, the major promotion budget item is the November special issue, "The Next Step," a series of explorations into possible scientific breakthroughs before the year 2000. All the efforts, Herbers maintains, are directed at the magazine's timeheld professional/managerial target, a position he claims is afforded the magazine by its credibility with scientists.

Scientific American and *Spectrum* are naturally looking to take ads away from this popular bunch, but they are also looking elsewhere.

With a campaign as dry and academic as its editorial — "Name a more important magazine" — *Scientific American* is taking on *Forbes*, *Fortune* and *Business Week*, as well as the newsweeklies. It's a chance for *SciAm* to build on prestige and an underlying advantage: one of the most exhaustive audience breakouts in the business listed in its BPA statement, and one of the soundest readerships. Sixty-seven percent of its subscribers, whose median household income nears $39,000, renew every year, and its 663,375 circulation is fully paid and attracted without price deals or other gimmicks.

"We're not doing anything new," insists vice president and advertising director John Kirby, whose voice is now familiar to thousands thanks to the magazine's radio campaign. At first, the stony, same-as-ever stance seems odd. According to *Media Industry Newsletter*, the magazine is off some 34.7% in ad pages through September — suggesting a bit of reassessment is in order.

Not so, says *Omni*'s president and co-publisher Kathy Keeton, who isn't known as a cheerleader for competitors, direct or indirect. "*Scientific American* carries the kind of advertising that's usually cut first when there are signs of sluggishness in the economy, and we know the economy is far from healthy," she vouches. "They're still making a lot of money. They're not suffering from loss of readership. Their circulation is extremely healthy. The fact that they've lost a few pages isn't important. Magazines are down, period."

For science-oriented advertisers, *Scientific American* is still an automatic

Science magazine profiles

	Rate base (M)	CPM (circ) P4C	Median Age	Median HHI
Discover	850	$18.71	34.3	$35,000
Omni	825	$27.00	29.5	$33,971
Science Digest	550	$31.58	36.1	$31,562
Science '85	700	$27.28	39	$33,437
Scientific American	500	$44.18	36.4	$33,929
Spectrum	222	$29.46	37.9	$47,315

Source: PIB, as of 1st 6 months, 1985, and Simmons Market Research Bureau

consideration. The oldest continuously published magazine in America, it's been the first name in science so long that a subscription is virtually a social necessity in serious science circles.

The same old sell works just fine with Hewlett-Packard Co. "We only use *Scientific American*," confirms Russell Berg, the company's director of marketing communications. "There are other good science magazines, but *Scientific American* is unique. It's the granddaddy, and it operates on the same unique formula that it's always operated on. I believe in establishing a credible position with the audience. Their editorial position provides that. The magazine makes a contribution that is primary."

When the old granddaddy challenged the community to "name a more important magazine," *Spectrum* wasted no time in getting on its tail with a trade print campaign that targets media planners and touts the magazine's ad success head-to-head with *Scientific American* and the rest of the pack.

Spectrum's society base — it's published by the Institute of Electrical and Electronics Engineers, though the "IEEE" has all but disappeared from the logo — provides it with a readership profile in league with *Scientific American*'s. Since there are no corporate subscriptions, and readers must qualify by acceptance into the society and an $85 subscription payment, the magazine can expand its audience only as far as the field. IEEE members are registered by occupation, so advertisers can track just who among the professional community reads their messages.

Selling the engineer as both mover and shaker and big spender wasn't easy when the magazine broadened its focus in 1979. Named for the range of the radio band, *Spectrum* had been highly successful as a trade book for the electronics and electrical field. Converging technologies expanded an engineer's necessary knowledge and mandated a more spectral editorial approach. As it turned out, a little time was all the IEEE needed to sell the "ubiquitous person" with the title engineer. Familiar trade advertisers have stayed loyal, while membership profiles and subscriber studies have drawn full-pagers from corporate advertisers — among them The Boeing Co. and The Lockheed Corp. — and four-color ads for such upscale items as Mercedes-Benz cars and rooms at Hyatt Hotels. Saunders expects 1,200-1,300 ad pages by the end of the year.

At the other end of the science field is *Omni*, the seven-year-old brainchild of fast-laners Bob Guccione and Kathy Keeton. This sci fi-oriented publication has a futuristic slant and theatrical approach which adds up to a kind of space-age sensationalism that takes off from more academic speculation.

Omni's usual cover mix of surrealism and suggestion is a charm on newsstands; almost 337,000 people — some 40% of its audience — are enticed to buy there every month. *Omni*'s average 29-30-year-old audience, bringing home $33,971 a year, attracted 4.2%

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fewer ad pages over the first six months of this year than last, but the 347-odd pages the magazine sold through June ranked second only to *Spectrum*. None of its science counterparts matched its $7.4 million in first-half revenues.

Ask her about the other science magazines and Kathy Keeton rolls her blue eyes skyward. "The other magazines present science in a way that's intimidating to people. Very dry, very dull, very technically-oriented," she sighs. "That's not what science is about. Science is about imagination, the journey of the mind into uncharted, unknown territory. That's what makes it exciting — not test-tube results, all that nitty gritty, but the visionaries, the breaking through."

Sci fi *Omni*, profitable after four issues, has created television and print spinoffs to build a larger audience.

Omni's market, at any rate, is pushing outward. Another 25,000 audience gain raised the rate base last month to 855,000, and Keeton is busy building the capital venture empire she envisioned from *Omni*'s inception. Among other projects and plans, Keeton's venture list includes an ongoing four-part syndicated tv special, "*Omni* Visions of Tomorrow," a host of educational texts and software, books whose topics range from robotics to future medical curealls, even a nationwide science scholarship. In addition to greater trademark awareness, Keeton is hoping for an improved link to experts and an *in* to the classroom, where teens could get hooked and teachers could help the magazine's credibility.

That's the kind of bloom that was once expected for *Discover*, *Science 85* and *Science Digest*. But as *Discover*'s Rubicam admits, "the bloom is off the rose." Now the middle is so shaky that analysts are cautious with their appraisals. "Didn't they learn?" sneers one onlooker about Time Inc.'s commitment to *Discover*. "I thought they'd learned that *Southern Living* was the way to go." While some see that purchase as a sad concession that doors may be closing on magazine launches, others, including A. Edmund Miller, chairman of Miller & Kops, publishing analysts, contend that the media blitz buys *Discover* at least two more years.

One media planner who just signed for page runs with the new *Discover* feels that "it looks like a better product, but it remains to be seen whether there's a niche for it."

Most argue that three magazines taking the middle ground are too many. *Omni*'s Kathy Keeton disagrees.

Some remain gloomy on the field's prospects. "There has to be a shakeout in the middle," says Kevin Gruneich, an analyst at The First Boston Corp. "There are simply too many books going after the same market. Advertisers don't want that kind of fractionation." Selling the male audience or covering health topics, he says, isn't the answer. "The books that are moving in those side directions are actually diluting their audiences."

Jim Shelby, vice president, director of marketing and media, at McCann-Erickson/Houston, agrees. "That old Trout & Ries paper is ringing true," he says. "Three people can't occupy the chair at the same time."

In the eyes of *Spectrum*'s Saunders, the middle can handle one publication. In the eyes of publishing analyst Ed Miller, it can handle two. Analysts on all sides seem to agree that survival in the middle of the category is largely a matter of resources, which both *Discover* and *Science Digest* have aplenty. In *Science 85*'s favor is its affiliation with the American Association for the Advancement of Science.

Can all three survive? Fed by the growth of her own fringe market, Keeton hits the heart of the argument and challenges the doomsayers. "Everybody says the science market is dying because Time Inc. is having a problem," she claims. "They still look for Time Inc. to set the standard for the industry. The fact that it no longer does hasn't sunk in yet. The market's much bigger than people realize."

Fred Pfaff
with Charlene Canape

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